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ANNUAL REPORT OF THE POSTMASTER GENERAL

HEARING

BEFORE THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

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ANNUAL REPORT OF THE POSTMASTER GENERAL

WEDNESDAY, MARCH 16, 1983

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The committee met, at 10 a.m., in room 385, Russell Senate Office Building, Hon. Ted Stevens presiding.

Present: Senators Stevens and Durenberger.

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS [presiding]. Good morning. Sorry for the delay.

We are here in compliance with section 2401(g) of title 39 which requires the Postal Service to submit to Congress a comprehensive statement on the status of the Postal Service, a state of the Postal Service, as it were. We are here to receive this report this morning from the Postmaster General and his senior staff. In addition, we hope they will report on and respond to any questions regarding the future of the Service and what the public can expect in rates and service.

I particularly welcome you here this morning, Mr. Postmaster General, because, as some of you may know, 5 years ago yesterday was the Postmaster General's appointment. In those 5 years, I think we have witnessed a remarkable stewardship in the Postal Service. It is interesting to note that the Postal Service will soon be, if it is not already, the free world's largest single nonmilitary employer now that Bell Telephone & Telegraph is divesting itself of its local affiliates.

Mr. Bolger, we are looking forward to receiving your comments on the current state of the U.S. Postal Service and what you see that lies ahead.

I have got an unfortunate situation that developed on the floor. I'm sure if you have all read the paper you understand that. I would like to hear your report, and I have asked Senator Durenberger if he would chair the balance of the hearing after we hear your report.

TESTIMONY OF WILLIAM F. BOLGER, POSTMASTER GENERAL, U.S POSTAL SERVICE, ACCOMPANIED BY JAMES V. JELLISON, SENIOR ASSISTANT POSTMASTER GENERAL FOR OPERATIONS, AND LOUIS A. COX, GENERAL COUNSEL

Mr. BOLGER. OK, Senator.

Thank you very much for your very kind comments and also for inserting into the Congressional Record yesterday the article about my tenure as Postmaster General. I deeply appreciate it.

Senator STEVENS. Gladly. I hope everybody reads it.

Mr. BOLGER. I have asked for 2,500 copies to be circulated to my family. They wouldn't believe it.

I think, for your convenience, sir, I would like to insert my full text into the record and summarize the high points.

Senator STEVENS. OK.

Mr. BOLGER. In sum, we have recently supplied the committee with copies of the "Comprehensive Statement on Postal Operations" which the statute requires us to submit. Today I would like to highlight some of the information found in that report and provide you with up-to-date information on developments involving the postal system which have occurred since the report was prepared.

For only the second time since enactment of the Postal Reorganization Act, the Postal Service ended the fiscal year in the black. The net operating income for fiscal year 1982 was $802 million, as compared to a loss of $588 million in the previous year. This kind of performance translates directly into longer periods of rate stability for the ratepayer and a boost to mail volume growth on which the financial health of the system depends.

The 1982 results were attributable primarily to lower than anticipated inflation, which kept labor costs $250 million below plan, plus record high mail volume and continued gains in productivity. Mail volume last year totaled 114 billion pieces. While the budget estimate we put together last year projected a deficit for fiscal year 1983 of $285 million, we are trying for at least a break-even year. I am pretty confident we will do it.

While our cost control efforts have received a boost from the decline in inflation, the inflation line is not flat, so our costs do continue to rise. In addition, we are facing some newly imposed cost items, including our share of the new medicare tax which will cost us about $170 million a year, plus increased contributions for health insurance of about $141 million.

Some of the proposals now under discussion concerning employee benefit programs would add considerably more to Postal Service costs in 1984 and beyond. The administration's proposal to charge us for health benefit contributions for retirees from the Postal Service would cost an estimated $333 million in fiscal year 1984. The proposal to increase the employer's contribution for civil service retirement to 9 percent in 1984 and 11 percent in 1985 would add an estimated $260 million to our fiscal year 1984 costs and $561 million for fiscal year 1985.

The proposal which some have discussed to charge the Postal Service for cost-of-living adjustments paid under the retirement law to persons who retired from the Postal Service would also involve substantial additional costs.

To avoid having to pass all cost increased along to the postal ratepayer, the Postal Service must continue to find new ways to improve its productivity. At this stage, the biggest opportunity is automation. The Postal Service began installing computerized optical character reader/channel sorters in selected mail processing

facilities in September 1982. By late 1984, we expect to have 252 of these machines in the 118 largest mail processing facilities.

We were pleased that the General Accounting Office study released on January 6, 1983, generally supported the Postal Service's acquisition of automated equipment and its use for letter mail processing. It also endorsed the implementation of the ZIP+4 code provided certain conditions are met. After the year-long examination of the ZIP+4 program, conducted at Congress' request, the GAO concluded that:

> The potential incremental gain to the Postal Service in moving from automated use of the five-digit code to automated use of the nine-digit code is so great in comparison with the incremental cost that if certain conditions are met, the move to ZIP+4 would be more than justified.

The big return on investing in this equipment will come from processing the ZIP+4 mail—although we can use it very nicely with the current ZIP code—attracted by the pending rate incentive, since the additional processing steps can be eliminated through automation with the information from the four-digit add-on to the present code.

An area which demands increasing management attention is our delivery services function. Nearly 40 percent of our field workhours now fall into this category. Delivery service is a heavily labor-intensive function which does not lend itself to the application of technology and automation to the extent that some other functions do. Management faces a strong challenge to improve efficiency and control cost growth in this function through better methods of delivery. With the joint participation of three of our four major unions, we are developing and implementing an employee involvement process which will give our employees the opportunity to participate in problem solving in the workplace.

Our goals for the process are to improve labor/management relations and the quality of life for our employees at work, and to make known the fact that our workers are a most important part of the team and have a real stake in our organization fulfilling its responsibilities. We believe that the potential long-term benefits to our employees, the Postal Service, and the public make the process well worth pursuing.

Considering the things that are being said about the private express statutes, I feel an obligation to use every chance I have to tell the real story about these laws.

The real story is the public interest in maintaining the universal postal system and universal rate structure. That's what the private express statutes are all about. I do not have any doubts that debate about these statutes will come out with the right answer for the public, so long as we remember that the question is what kind of service the people of this country and their elected representatives want to have.

I firmly believe that the Nation's postal system is looking forward to a bright future. What is required to achieve that promise is to keep up the initiative to maintain and improve on the foundation we now have in terms of rate stability, productivity gains, and better labor-management relations.

That ends the summary of my prepared statement. My colleagues, Mr. Cox, our General Counsel, and Mr. Jim Jellison, our

Senior Assistant Postmaster General for Operations, and I will be pleased to try to answer any questions you may have.

Senator STEVENS. Let me ask you these two questions, and I will submit the rest, if I may, to you because I must get back to the Senate floor.

Mr. BOLGER. Yes, sir.

Senator STEVENS. We will finish the jobs bill, hopefully—it will be on the floor soon—and then go to the social security issues.

What will be the added costs to the Postal Service if new employees are brought under the social security system, and how does that translate in terms of higher postage rates or increasing rates somewhat sooner than you expected?

Mr. BOLGER. The first year they are under the social security system and the Federal pension system, as I understand the bill that has been passed by the House, there would be a $53 million additional. That is assuming 40,000 new employees. That in itself will not have that much impact on rates. But if that continues as we keep replacing Postal employees at the rate of about 40,000 a year, eventually, in a 4- or 5-year period, it would have a substantial effect and it could mean as much as one-half cent in the letter rate.

Senator STEVENS. I am told that you can put into effect a retirement plan for the Postal Service and that that can be fully funded by the employer and employee. Have you really flushed out some sort of proposal that would replace the current retirement plan and know what the cost would be and what its impact would be on postal rates?

Mr. BOLGER. No, I have not.

What I have suggested, as I have talked to our employees and employee groups, is that we are going to wait and see what the Congress does. Our requirement now is to follow the Federal pension system. Of course, this new change for new employees would be following the social security system, if this bill clears both Houses and is signed by the President.

I suggested that we wait and see if there is any supplemental retirement bill enacted into law. Of course, we would follow that. If there is not, under the current law, we can involve ourselves in the collective-bargaining process and in consultation with our management organizations to see if a supplemental system is needed to attract and maintain good employees in the Postal Service. If that happens, I would envision that there would be an additional contribution, over and above the social security contributions, by behalf of the employee and the employer.

It would have to start off actuarily sound and remain that way, and it would have to be the subject of collective bargaining with our bargaining unit employees and a matter of consultation with our management employees. We have no plans, Senator.

One of the things I looked at was the type of legislation you were thinking might be necessary when you propose your supplemental retirement bill in the last Congress. That is what indicated to me that perhaps somewhere along the line, we might have to consider some type of supplemental retirement system over and above social security.

Senator STEVENS. Well, that was my supplemental question. Have you ever costed out the effect of the proposal this subcommittee put forth to the Congress last year of how it would affect the Postal Service?

Mr. BOLGER. We did not, but we would be glad to do it for the record.

[The information referred to follows:]

COST IMPACT ON USPS OF S. 2905—CIVIL SERVICE PENSION REFORM ACT OF 1982

[In millions of dollars]

	1982 [1]	1983 [2]	1984 [2]
Affected payroll costs:			
Basic pay (Retirement)	12,380	12,841	13,137
Total pay (FICA)	16,037	17,227	18,882
Current method:			
USPS share of normal cost (7 percent)	866	899	920
Unfunded liability cost	852	882	914
Total	1,718	1,781	1,834
Proposed method:			
FICA cost (6.7 percent)	1,074	1,154	1,265
9 percent of first $20,000 salary	978	1,014	1,038
16 percent of excess over $20,000 salary	242	251	257
⅔ of normal cost (19.64 percent)	2,431	2,522	2,580
3 percent matching cont.	371	385	394
Total	5,096	5,326	5,534
1 percent of basic pay	41.1	41.5	42.1
Included in USPS cost	3,378	3,545	3,700

[1] Actual.
[2] estimate.

Note.—Assumptions: (1) all employees convert to proposed new retirement system; (2) all employees make 3 percent voluntary contribution each year; and (3) normal dynamic cost (29.46 percent) remains constant (this percent was last computed in 1977).

COST IMPACT ON USPS OF S. 2905—CIVIL SERVICE PENSION REFORM ACT OF 1982

[In millions of dollars]

	1982 [1]	1983 [2]	1984 [2]	1985 [2]	1986 [2]
Affected payroll costs:					
Basic pay (retirement)	12,380	12,841	13,137	16,651	17,011
Total pay (FICA)	16,037	17,227	18,882	20,760	22,823
Current method:					
USPS share of normal static cost	866	899	920	1,166	1,191
Unfunded liability cost	852	882	914	1,407	1,441
Total current method	1,718	1,781	1,834	2,573	2,632
Proposed method:					
New retirement fund (25 percent):					
FICA cost (6.7 percent 1982–84) (7.05 percent 1985) (7.15 percent 1986)	268	288	316	366	408
9 percent of first $20,000 salary	244	254	260	329	336
16 percent of excess over $20,000 salary	61	63	64	82	83
⅔ of normal dynamic cost (19.64 percent)	608	630	645	817	835
3 percent matching cont	93	96	98	125	128
Subtotal	1,274	1,331	1,383	1,719	1,790

COST IMPACT ON USPS OF S. 2905—CIVIL SERVICE PENSION REFORM ACT OF 1982—Continued

[In millions of dollars]

	1982 [1]	1983 [2]	1984 [2]	1985 [2]	1986 [2]
Old retirement fund (75 percent):					
USPS share of normal static cost	650	674	690	874	893
Total proposed method	1,924	2,005	2,073	2,593	2,683
Included in USPS cost	206	224	239	20	51

[1] Actual.
[2] Estimate.

Note.—Assumptions: (1) 25 percent of employees convert to proposed new retirement system; and (2) all employees who convert make 3 percent voluntary contribution each year.

Cost Impact of S. 2905 Civil Service Pension Reform Act of 1982

SECTION 8412 CONTRIBUTION TO CIVIL SERVICE PENSION SYSTEM

Assumptions

Participants: Each employee commencing employment or re-employment on or after effective date or act; current employees may elect to become participants.

Annual contribution: 9 percent of annual pay to $20,000; 16 percent of excess over $20,000; and $20,000 ceiling increased for each pay increase under General Schedule.

Military: New employees with prior military service will have a deposit to the fund by the military department.

Financial impact

Assuming that all employees convert to the new retirement system, it is estimated that the cost impact to the Postal Service will be as follows:

[In millions of dollars]

	1982	1983	1984
9 percent of first $20,000	978	1,014	1,038
16 percent of total over $20,000	242	251	257
Total	1,220	1,265	1,295
Current costs at 7 percent	866	899	920
Additional costs	354	366	375

TITLE 5, UNITED STATES CODE, SECTION 203 AMENDED

Assumptions

Normal Costs: Normal cost computed by the OPM in accordance with generally accepted actuarial practice (using dynamic assumptions), and expressed as a level percentage of pay.

Dynamic Assumptions: Economic assumptions used in determining actuarial costs and liabilities of a retirement system which anticipate the effects of long-term future, (A) investment yields, (B) increases in rates of basic pay, and (C) rates of inflation.

The United States Postal Service shall contribute for each employee of the United States Postal Service an amount equal to such employee's basic pay multiplied by two-thirds of the normal cost applicable to such employee's basic pay.

Financial impact

The last computed normal dynamic cost by the actuaries for the OPM was in 1977 and will remain constant at 29.46 percent until the Board reconvenes this year. The Board only meets every five years to prepare a report to the Congress on the Civil Service Retirement System.

Two-thirds of the normal dynamic cost is 19.64 percent. The costs associated with this provision is estimated to be as follows:

Two-thirds of normal cost:	*Millions*
1982	2,431
1983	2,522
1984	2,580

SECTION 8413 THRIFT SAVING PLAN

Assumptions

Participants: Each participant may contribute any amount not exceeding 16 percent of annual basic pay in any fiscal year; the employing agency contributes to the fund an amount equal to the employees contribution but not to exceed 3 percent of annual basic pay.

All employee contributions plus a percentage of employer's contributions refunded to employee upon separation.

Financial impact

Assuming that all employees will make the 3 percent voluntary contribution each year, the annual cost to the Postal Service in fiscal years 1982, 1983 and 1984 are estimated to be $371 million, $385 million and $394 million respectively.

SECTION 8452 ILLNESS AND ACCIDENT INSURANCE BENEFITS

Assumptions

Participants: All employees, after 5 years, would have the same benefit coverage regardless of length of service.

Benefits: Seven days of sick leave for each year not accumulative.

Financial impact

The average number of days paid for sick leave in fiscal year 1982 per equivalent workyear was 7.7 days. The total cost for fiscal year 1982 was $446,243,980. It is conceivable that, if all Postal employees take advantage of the 7 days "use" or "lose" sick leave, the cost would approximate the actual costs experienced in fiscal year 1982.

Number of employees	669,557
Number of hours (7×8)	×56
Estimated S/L hours	37,495,192
Average hourly rate	$10.7025
Estimated S/L costs	$401,292,292

In addition USPS must fund illness and accident insurance for employees who are absent from work because of illness or injury for more than 7 days. Employees become eligible for up to 26 additional weeks of illness and accident insurance after one year of service.

The combination of the seven days of "use" or "lose" sick leave with additional accident and illness insurance would result in higher costs than the present sick leave system which would be eliminated.

Senator STEVENS. I do really want to thank you, and I think the people here in the audience are indicative of the support that you have in the private sector for the work that you have done, Mr. Postmaster General. I hope that we can continue to work on ways that we can increase productivity and use new innovative ideas such as your discount, and the ZIP+4 proposal to increase and hopefully hold the line on postal rates. I am sure you realize that we all think that stable rates would have a very salutatory import as far as the whole fight against inflation is concerned. Just to establish a stable rate and try to hold it if you can.

You have done a tremendous job, I think, and I appreciate it.

My friend here from Minnesota has some questions, and I will submit mine for the record.

Mr. BOLGER. Thank you, Senator.

Senator DURENBERGER. Bill, let me just add—I don't have Ted's experience in this dimension—but let me add my congratulations

to you. It is also appropriate that St. Pattie's day is coming up, and you have a week in which to celebrate.

Can I explore, first, because of my concern and my initiative on the Federal Employees Health Benefit Plan, your general views about the health benefit package that I—and I am not quite clear in your statement, what specific administration proposal is going to cost you $333 million—but I am wondering if you have had a chance to analyze the bill that I put forward last year and that we have done the work on this year in terms of strengthening, somehow, the whole Federal Employee Health Benefit Plan System as a means of trying to constrain the big increase in costs to Federal employees.

Mr. BOLGER. Well, first of all, I support any initiative by anybody that will bring these costs under control. They are big ticket items to the Postal Service and, of course, in our case the ratepayers, the people who use our service, pay for them.

The $333 million that I am talking about here is an estimated figure. Currently, about 60 percent of the health benefit costs for postal employees who retire is paid for by the taxpayers under general appropriations.

What was proposed by the administration is that the Postal Service would pick up those health benefit costs for retired postal employees. That is estimated to be about $333 million for the current group of retired postal employees that are still receiving annuities.

Now, that does not include annuities for survivors. We do not have that figure yet.

Senator DURENBERGER. We are trying to find our way out of that through the changes in the law to recognize the high cost of annuitants to the whole system, and where it is 60 percent being picked up by taxpayers, there is a big chunk of it being picked up by active employees. One of our objectives in this bill was to try to address some of these adverse selection problems that continually occur, the big drain primarily on Blue Cross which has a large load of annuitants.

Any suggestions or help that you can provide us in structuring that plan would be greatly helpful.

Mr. BOLGER. In addition to what we have been discussing here, I have a study underway looking at the whole issue of health benefits costs and plans in the Postal Service. There is some speculation around town that we are going to have our own health benefit plan. I do not know that yet. I may well after I see the results of the study that suggest that it might be a good idea that the Postal Service have their own health benefit plans. I will be very happy to share the information we gain from this study with you.

Currently, we pay 75 percent of the benefits for active postal employees. We pay more than the normal Federal Civil Service contribution. But, when we negotiate our contract, we do not know what the actual cost for health benefits is going to be; 70 percent of what? That is not determined by us. That is determined by OPM under the current system.

I feel like I am caught at the bargaining table. I am making a commitment for the ratepayers to pay a bill that I do not even know the amount of. That is why I am having this study conducted. I want to see what it is. I want to see what the dollars are that

we are expending and if we cannot give better benefits to our employees under a different health benefit plan. I am very interested in this, and I will be very happy to submit to you whatever information we receive in the report.

Senator DURENBERGER. I would really appreciate it if someone on my staff could be involved in working with you as you develop this. I would hope, in effect, you would not develop your own single plan or a postal plan, that you would maintain this tradition of choice, because that really is what makes the system work better. Our problem here is you have not been given a realistic choice in a long, long, time, and the base—I mean, you talk about who actually sets the rate, that process of the high six and all that sort of thing really has created some terrific problems for us.

Let me go to a related subject, which Ted was addressing and which is the whole issue of pensions and your relationship with the Civil Service Retirement System. Let me take you to the contract that you signed last year with the Postal employees which, as I understand it, provided for a wage increase of about 20 percent. Is that right?

Mr. BOLGER. No. The basic wage increase is about 1.3 percent a year. There were some one-time cash bonuses that equated to about 1.5 percent a year. When we estimated the contract costs might be as much as 20 percent, we were looking at cost-of-living adjustments in there, too. We have been very fortunate this past year in that the rate of inflation has turned down.

I think if we look at it this year, including the one time cash payment that does not stay in with the basic salary of the employees and the cost of living adjustments, we are probably looking at somewhere around 5 percent for the year. We also reimburse cost-of-living adjustments based on the CPIW. We reimburse about 63 percent.

Senator DURENBERGER. Was that a multiple year contract?

Mr. BOLGER. Yes, a multiple year contract. It runs from July 21, 1981, to July 20, 1984. We will be negotiating again next year, I assume.

Senator DURENBERGER. Was there a provision in that contract for the increases that were negotiated over those new employees that would require a retirement system contribution for anyone who was not within 3 or 4 or 5 years of retirement?

Mr. BOLGER. We did not roll in cost-of-living adjustments from the previous contract period for all postal employees.

The employees that were within a few years of retirement had their choice. We gave them their choice—well, we did not give them their choice. That is what we agreed to in our collective bargaining agreement. When I say "we", I am saying the contract permitted them to opt in or opt out. Most of those who were eligible did opt in. The remainder are out. And it is still open as to whether or when that may be rolled into the basic salary.

There has been a controversy about it, with people thinking that we may owe some money because we should have rolled all COLA into basic salary. We feel we do not, because the principle had been established long ago that the unfunded liabilities on retirement would not be a part of the Postal Service's obligation until such

time as the cost-of-living adjustments or any other compensation adjustments were made part of basic salary.

Senator DURENBERGER. But we do have a situation in which a number of postal employees are not paying retirement nor are you paying the employer's share of the retirement system on their full cash compensation. Is that right?

Mr. BOLGER. No, we do not. You have that all the time. As you earn COLA's during the course of the contract, you do not do it, either. Historically, going back to our first bargaining, when we negotiated cost-of-living adjustments, that has been the case. Our lawyers can answer that question much better than I can, but just in layman's terms, we had an opinion—or more than one opinion—from an Assistant General Counsel of the then Civil Service Commission—now OPM—attesting that we were using the right procedures.

Did I say that in the right language?

Mr. Cox. You said that very well. [Laughter.]

Senator DURENBERGER. Certainly, I have been given the impression by postal employees—I work in the Finance Committee on social security—that somehow I am doing in the civil service retirement system, and I guess I wasn't aware at the time I was talking to all of your employees that you had this opinion from the Associate Counsel that you didn't have to include cost-of-living adjustments.

Is that prevalent in the civil service, or is that only within the Postal Service?

Mr. BOLGER. Well, the particular opinions are relative to the Postal Service.

Senator DURENBERGER. I suppose we could make it a part of this record if we could have a copy of that opinion.

Mr. BOLGER. Sure.[1]

Senator DURENBERGER. I think everybody on the subcommittee and everybody on the full committee is deeply concerned about, as you are, the most appropriate way to provide retirement coverage for employees, but by these questions, I guess I am expressing some concern that people are going to be able to earn full retirement benefits without either you or the employees making full contributions into that system.

Mr. BOLGER. Senator, on top of supplying this opinion for the record, I would like to, if I may, supply our reasoning behind this, which is consistent with that opinion. We have supplied this information to OPM, and I would like to supply it for the record here, if I may.

Senator DURENBERGER. Whatever would complete the record, because as I reflected to you in private before this meeting started, there are some of us who are deeply frustrated with the band-aid approach to both compensation and retirement that we have been involved in over the last 3 years.

Those of us—and everybody on this committee falls in that category—who would like to see some sensible, permanent resolution of this problem. We need to understand where some of the differences are, and, certainly the public, since they are going to end up

[1] The information referred to may be found in the committee files.

paying part of the bill for this retirement, needs to understand exactly how these employees will be treated.

Mr. BOLGER. If anybody thinks that on a long-term basis, the Federal retirement system is healthy and all that it needs is a little band-aid now, they are trying to treat an open stomach wound with a band-aid for a cut finger.

Senator DURENBERGER. OK.

Now, let me ask you a couple of questions that relate to one of my favorite subjects, and I know the chairman, before he left, asked me to assure him that I wouldn't turn this into a rate hearing.

I don't intend to do that.

You have a copy of a bill there, and I don't want to get to that at this point, but we will introduce a bill somewhat along the lines of what we have discussed in the past.

It somewhat relates to the comments you made earlier, which is you intend to proceed with ZIP+4 with some modifications that I am sure that came out of the other hearing.

So I understand what the ground rules are going to be in the larger context of how we set rates in the system, I would like to start and lay a base for the record with about a page-and-a-half quotation here from testimony by Douglas Madison of the Postal Rate Commission on December 8, 1982, which was part of the justification for the incentive rate course.

What he is talking about is the avoidance approach.

"Postal Service witness Develin proposes two First-Class ZIP+4 subclasses."

I am quoting now:

> If established, the attributable costs of these subclasses will eventually be documented by the ongoing RCA system, and these costs will be used to help set rates for the ZIP+4 subclasses just as RCA costs are currently used to help price each of the various other subclasses.
>
> At this time, I cannot foretell what the unit costs of the ZIP+4 subclasses will be. Nor can I predict how much lower these unit costs will be than the remaining First-Class letters and cards which will fail to meet our ZIP+4 subclass requirements.
>
> In the long term, the ZIP+4 subclasses will differ from the remaining First-Class pieces in a number of ways: They will have better machinability, readability, ZIP Code usage (ZIP+4 code, 5-digit code, or unzipped), presort, shape, mode-of-entry into the mailstream, indicia, uniformity and size-of-mailing characteristics.
>
> However, I cannot now quantify what these differences will be, nor can I predict what their combined resultant cost effects will be. What I can do is isolate the future unit attributable cost effect which strictly relates to expanded ZIP codes.
>
> To do this, I have studied the OCR-CS/BCS system which the Postal Service is now implementing.
>
> I will discuss the mail flow differences between otherwise similar five-digit and ZIP+4 mail in this automated mail processing system, and I will measure the corresponding test-year—fiscal year 1984—cost effects relating to these differences.
>
> I fully understand that my approach represents only a first step toward determining the eventual attributable cost differences between our proposed ZIP+4 subclasses and remaining first-class mail pieces. But from a ratemaking point of view, the ZIP+4 rates proposed by the Postal Service in this docket are also only a first step toward our long-term first-class mail ratemaking objectives.
>
> In short, we are initially using a cost avoidance approach until we have the additional needed information to convert to a pure subclass costing approach.

With that background, let me ask you a series of questions.

This obviously is a complicated area in which you are not only the genious but the expert. We start in this whole system with all sorts of different mail coming into the post office, letters, newspa-

pers, parcels, mass mailings, and forms that somebody picked up at a restaurant in California and sent in, but we rate the mail down into classes: first-class, second-class, third-class and so on.

Then we have rules describing the characteristics of the mail and each of the classes and the kind of service that it is supposed to get. The price of the postage for each class is different, reflecting the difference in the characteristics and the level of service so far.

So the law requires you, as I understand it, to set rates or to see that rates are set for each class so as to recover the cost to the Postal Service of delivering that particular kind of mail.

That is about it.

Mr. BOLGER. The attributable costs; that which we can specifically identify as the attributable cost.

Senator DURENBERGER. Right. But one of the effects is that the law doesn't allow the rates for first-class mail to subsidize second-class mail.

Mr. BOLGER. That is correct.

Senator DURENBERGER. That is correct, or vice-versa.

Mr. BOLGER. Or any other class.

Senator DURENBERGER. So rates for classes, then, are set by examining the costs for various kinds of mail and the cost of service.

But then, taking another step, within each class there are groupings of some kind. For instance, in first-class, we have presorted mail and a number of others. It is my understanding that these really are not classes in the same sense that first-class or second-class or third-class is a class, but these are groupings called rate categories.

Mr. BOLGER. Subclasses.

Senator DURENBERGER. OK. I wonder if you establish prices for these rate categories any differently than you establish prices for the other classes?

Do you use a different methodology to determine how much you are going to set?

Mr. BOLGER. Yes.

Senator DURENBERGER. Can you describe that?

Mr. BOLGER. Would you let my lawyer describe it?

We are getting into a very technical area.

I might add, Senator, if I decline to answer some questions at the moment on this particular ZIP+4 incentive, it will be because we have litigation pending before the Rate Commission. It might not be to the advantage of the mailers of this country, the Postal Rate Commission, or for that matter, and the Postal Service, to get into a detailed discussion of this litigation.

Senator DURENBERGER. Tell me where you have to draw the line.

Mr. Cox. This is a pretty technical, pretty sophisticated system of ratemaking.

I am not sure that I am the most proficient fellow and probably not nearly as proficient as Douglas Madison, whose eloquent words you were quoting in stating this.

But in layman's terms, we intend in postal ratemaking, and the Postal Rate Commission intends in postal ratemaking, to distinguish subclasses of mail and so-called rate categories.

The principal distinction is this: A subclass of mail over the long run will be costed out and the attributable costs will be built from the bottom up, as it were.

Appropriate proportions of institutional costs will be identified with a subclass of mail, and the rate that ensues will be based on that identification.

A rate category is a buzz word, a label, if you please, for a subdividision of an overall class of mail for which the rates are derived by identifying estimated differences in costs between that particular subcategory and the class generally so that if, for example, a particular rate category is proposed in such a way as to avoid certain handlings that generally pertain to the processing of other parts of that class of mail——

Senator DURENBERGER. That is the——

Mr. Cox [continuing]. You take that off the top. That is the important difference. If you think of it in terms of a rate category, we are working down from the top, the top being the rate that would generally apply to the overall class of which the rate category is a part.

In the subclass, you are building up from the bottom. You are identifying the costs from the bottom up. That is the important difference to bear in mind.

On the ZIP+4 filing that we have over at the Postal Rate Commission now, we have proposed a subclass. I think the testimony of Douglas Madison that you read plainly is, as I heard it—I wasn't familiar with it until you read it—trying to describe that you can't start right off from day 1 with this subclass concept and expect to build up all your costs from the bottom, because you don't know what those costs are. It is something new and different. But eventually, he is going to get to that buildup from the bottom.

Senator DURENBERGER. OK. Since I'm a lawyer by training and don't understand any technical part of your information, let me try this by illustration, then, with one of your—I think it is a current rate category.

If you have a customer who comes in with a million pieces of mail and all of the pieces are the same size and they are all faced in the same direction and they are all machine readable, they are all precanceled, and they are delivered to you rather than having to be picked up and they are all presorted with the five-digit ZIP code, as well, that is the kind of customer you love to see, right?

Mr. BOLGER. Yes, sir.

Senator DURENBERGER. If he or she complies with all this and they want to send all their mail first class, what is the current price that is charged?

Mr. BOLGER. If they presort—meet the qualification for presorting to a carrier route—it is 16 cents per piece instead of 20 cents, the basic price for a first-class letter. If they presort according to the five-digit ZIP code, they qualify for a 17-cent-per-piece rate.

Senator DURENBERGER. So it is either a 3- or 4-cent discount?

Mr. BOLGER. Right.

Senator DURENBERGER. Does that reflect all of the savings that are made to the Postal Service from those characteristics of mail that I just described?

Mr. BOLGER. No. There are some savings that are not passed on to the mailer.

Senator DURENBERGER. But it is a large share?

Mr. BOLGER. It is a large share, right.

Senator DURENBERGER. OK.

If I read Mr. Madison's testimony correctly to say that the nine-digit mail is not going to be a rate category within the first class, eventually it is intended to be a subclass, which is a point that you reiterated, you start under the cost avoidance category or rate category approach with a half cent discount. I guess that is the proposal, but you also recognize that that discount is going to grow over time and eventually, I take it, we get down to, what, something in the neighborhood of a 15-cent piece of mail or a 14-cent piece of mail?

I mean, is that within the ball park?

I don't want to pin you down.

Mr. BOLGER. What we are saying here is that they can use ZIP+4, and the current rates would be 16½ cents for the 17-cent category, or one-half cent for the "residue" of a carrier route presort mailing.

Senator DURENBERGER. So you are going to have, plus a half cent, plus whatever else you might discover in the future, but you are going to have 3½ or 4½ plus by way of a difference?

Mr. BOLGER. They have to meet all the qualifications for presorting to gain the 3-cent or the 4-cent discount. But for the use of ZIP+4 on qualifying mailings, whether they meet the presort requirements or not, they get a half a cent. This is what we propose. They will get a half a cent lower price for that first-class mail with the ZIP+4 on it. If they meet all the other requirements and all that mail is appropriately presorted, their rate would be 16½ cents or one-half cent off for the "residue" of a carrier route presort mailing.

Senator DURENBERGER. But right now there is a lot of—and I am trying to get some long range dimension here—there is a lot of mail that comes into the system that has these characteristics that you recognize as a savings, that is, facing and canceling and delivering to you and all that sort of thing that do not necessarily get the full break on the price and, in effect, it is that mail that is subsidizing my Aunt Minnie and sending mail to Alaska and places like that in an indirect kind of fashion, is it not?

Mr. BOLGER. Well, it's not subsidy. Our basic charter is to provide universal pricing, and we have that in the 20-cent rate. That is what it is.

Then for other considerations, if the mailer helps us avoid work—helps us to avoid costs—we have these presort discount rates or, in this case, the ZIP+4 incentive. That is what it is all about. I don't think we should talk about subsidy as such.

Yes, we have areas that don't produce as much revenue as others, but the bigger areas wouldn't be producing the revenue if we didn't have the wherewithal to serve everybody. That is kind of a tradeoff, and that is really what our chore is, to provide universal service at universal pricing so that everybody can mail a letter at up to 1 ounce for 20 cents. That is the basic price.

Beyond that, either through subclassing or categories within a class reflecting cost avoidance opportunities for the Postal Service furnished by mailers, we give mailers a different price. I think that is a pretty solid principle. It is not just in first class. We have had this pricing principle for lower cost bulk mailings going back 40 years in third-class mail and second-class mail. The fact that we now associate it with a ZIP code really doesn't make this a new idea. It is just done in a different way.

Senator DURENBERGER. OK. But I guess the one thing I have learned over our efforts to come to a meeting of minds on this is that you are a very good business person. You are living in a competitive world, and the reason I raise all these characteristics is, it demonstrates that you know what you are doing, and you recognize that the market out there, to the degree that it can facilitate the process with all of these various characteristics I talked about, is going to be your market if you can reduce their costs.

I can't recall specifically all the percentages, but there is a whole lot more people with a capability to do facing and canceling and delivery and all that sort of thing than there are Aunt Minnies.

What I am trying to get at here is if we keep getting better and more efficient and keep giving discounts to people who have the capacity to utilize a nine digit ZIP code plus all these other characteristics and we keep dropping that rate down to 17 to 16½, to 16 to 15½ to whatever, what kind of long range estimate would you give me as to what is going to happen to the cost of Aunt Minnie's mail?

Mr. BOLGER. Aunt Minnie's mail will continue to have a basic price at which everybody can mail a letter. Our theory is to keep the prices as low as possible for as long as possible. I can't tell you where the price is going to wind up, because it all depends on what happens to inflation in this country. For instance, in our current rate structure, when we first put it into effect, we said that we could foresee, based on cost projections and inflation, that we could probably hold our rates steady until November 1983. Well, we have had a downturn of inflation, fortunately. You get that in this country every once in a while with a big financial improvement. We also have a six-tenths of 1 percent further increase in productivity than we thought we were going to have last year, which resulted in $670 million in cost avoidance.

So now we are going to take our current rates out to at least March 1984 and even beyond. That is where everybody benefits. Aunt Minnie doesn't mail a whole lot of mail these days—I am talking personal letters and cards. We are trying to encourage individuals to mail more, and hopefully, they will write letters and send greeting cards.

But beyond that, I think there are more benefits to Aunt Minnie, Aunt Minnie and Uncle Joe pay all the costs in this country. If we can keep the vast volume of mail we handle, if we can keep the prices down, those costs avoided by the business mailers are eventually a savings to Aunt Minnie.

If we can take utility bills and accept them, process them and deliver them for 16 cents instead of 20 cents, due to the mailer cooperating with us, that is 4 cents less for that utility bill to pass through for Aunt Minnie to pay. That is how Aunt Minnie really

benefits. That is what I keep arguing about, in discussions on the Private Express Statutes. We still need a universal hard copy delivery system in this country that will serve everyone everyplace whether they are in Alaska, New York City, Washington, D.C., or up in the nice country in Minnesota. We still need that, and we still need to have that uniform pricing if we are going to be fair to the Aunt Minnies and the Uncle Joes of this world and also to the business community.

Senator DURENBERGER. I agree with all of that, and I am not arguing that approach as I am trying to pin down what parameters you may be stuck with in doing this, and I am doing it because the testimony says you are going to a new subclass, not because you are trying to get the charge to reflect the costs.

But what you end up with after you move that—whether it is the nine digit, as you move that from a half a cent downward through the approach that was described earlier on to a subclass which reflects the actual costs on—and then you can look at it from the bottom up as well as the top down, you end up in first class, in effect, with two classes of mail.

Mr. BOLGER. Yes.

Senator DURENBERGER. You are stuck with the obligation to, in effect, reflect the costs of mailing.

How is it, if you have got a large part of the system moved down into the 16 cent—using current dollars—into the 16 cents or 15 cents category that Aunt Minnie isn't going to end up paying 28 cents or 29 cents or 30 cents or 31 cents almost automatically whether you want her to or not?

It seems to me, using the approach that you are using here, she is stuck with it.

Mr. BOLGER. Jim?

Mr. JELLISON. I think one of the ways to look at that is whether or not there is a reduction in the cost burden; I think in the scenario you set up, you assumed that some of the cost burden would shift to Aunt Minnie from the large volume mailer. In fact, that cost should go out of the system.

The cost to process the household mailer's mail remains the same.

By complying with some of these constraints to get into the subclass, it brings those costs out of the system. It is not switching those costs from one subclass user to another.

Mr. BOLGER. There is another way to consider it. I suppose if we got down to the final costing of Aunt Minnie's mail today, and if we had to get away from universal pricing of a first-class letter, we might find that it cost somewhere in the neighborhood of as much as 35 cents to handle Aunt Minnie's letter today.

I think Aunt Minnie really benefits—maybe I ought to call her Uncle Bill just so we won't have any discrimination here—but the individual really benefits by us holding the total system costs down and the costs for the greatest volume of mail we handle, while at the same time recognizing that we have to keep a reasonable pricing structure out there for everybody to use so they can have access to the universal postal system.

Senator DURENBERGER. Yes, and this has been the entire point that I have been following in these questions, and I don't want to

use the word subsidy, because that has some legal connotation and we ought to try to avoid it.

The point is, Aunt Minnie's mail on the average costs her 35 cents to mail.

Mr. BOLGER. Probably. I cannot make that judgment.

Senator DURENBERGER. All those unique characteristics that I named earlier costs 35 cents.

My concern is that once you get to this new ZIP+4 subclass, you have certainly brought efficiencies into the system which benefit Uncle Bill. You have probably got Uncle Bill down from 35 cents to 30 cents, which is still 30 cents.

Would you say yes for the record?

Mr. BOLGER. Yes. [Laughter.]

Again, we don't know for sure. We don't know for sure.

Senator DURENBERGER. Right, and, obviously, what we are all trying to avoid, because we have jointly the obligation—that the private sector doesn't have and Steve Simms doesn't yet recognize—we have got to take care of Aunt Minnie and Uncle Bill, and we have got to take care of the folks up in Point Baker or whatever it is that Ted talks about all the time.

Mr. BOLGER. Juneau Bay.

Senator DURENBERGER. The next logical step, once you have got these two classes, you have got the efficiency class of 15 and Aunt Minnie and Uncle Bill are 30; the next logical step, if we continue to follow this course, is that it is only a nickel to send a letter from the Russell Building to the Dirksen Building, but it is $5 to send a letter to Point Baker.

Obviously that is what all of us are trying, in some way, to avoid.

Mr. BOLGER. Must avoid.

Senator DURENBERGER. Have you had time to look at that bill? I don't want to belabor the bill.

Mr. BOLGER. Roughly.

Senator DURENBERGER. Do you have just general comments for the record?

Mr. BOLGER. Basically, after a quick reading of this, I have some reservations about some of the points at the end. In theory, I support your approach here in this proposed bill to make it impossible for the Postal Service to ever mandate the use of the ZIP code by anybody, businesses or individuals.

Whether we are talking about the current ZIP code or ZIP+4, I endorse that 100 percent. I think I know what I am trying to do, but I am not always going to be there.

So I think that is a very good step, and I endorse that. I would have to read the rest of the language in a little bit more detail.

I would be very happy to furnish some comments to you on this.

Senator DURENBERGER. As politicians are want to say, we have gone a long way in this this year, and who knows, in the course of the next year, we may reach a meeting of the minds on this subject.

I ended where I started, which was to compliment you on your whole approach, not only to those that need your system but to those of us who have some ill-defined responsibility to help you do that; to assure you that after I read the article in the Readers Digest about how Senators and Congressmen alter the Congression-

al Record, that there will be a large readership of the Congressional Record that read this.

There are millions of Americans today who are reading the Congressional Record who will learn what Ted Stevens and a lot of us think about your performance.

Thank you, very much.

Unless you feel there is something else, we will thank you, and we will adjourn the hearing.

Mr. BOLGER. Thank you, very much.

[Whereupon, at 10:55 a.m., the committee recessed, to reconvene at the call of the Chair.]

APPENDIX

PREPARED STATEMENT AND RESPONSES TO WRITTEN QUESTIONS

PREPARED STATEMENT OF POSTMASTER GENERAL WILLIAM F. BOLGER

Mr. Chairman, the Postal Service annually has this opportunity to present oversight testimony in compliance with a provision in the Postal Reorganization Act. We have recently supplied the committee with copies of the comprehensive statement on postal operations and finance, which the statute also requires us to submit. Today, I would like to highlight some of the information found in that report and to provide you with up-to-date information on developments involving the postal system which have occurred since the report was prepared. We are justifiably proud of this past fiscal year's financial record, of our service record, of our steady productivity gains, and of our technological advances. At the same time, we know we have much work to do to maintain and improve the performance of this public service operation. And we want to do everything we can to make sure that all concerned understand the need to implement the automation and ZIP+4 program and the relationship between the nation's universal postal system at uniform rates and the Private Express Statutes.

These are among the key points which I would like to discuss with you today.

FINANCIAL RESULTS

For only the second time since enactment of the Postal Reorganization Act, the Postal Service ended the fiscal year in the black. The net operating income for fiscal year 1982 was $802 million, as compared to a net loss of $588 million in the previous year. This kind of performance translates directly into longer periods of rate stability for the rate-payer and a boost to mail volume growth on which the finanical health of the system depends.

The 1982 results were attributable primarily to lower-than-anticipated inflation which kept labor costs $250 million below plan, plus record high mail volume and continued gains in productivity. Mail volume totaled 114 billion pieces. Despite the general reduction in economic activity during the recession, First-Class Mail volume increased 1.3 percent to 62.2 billion pieces, while third class went up 9.3 percent to 36.7 billion pieces, and fourth class increased 1.2 percent to 596.7 million pieces. The larger mail volume was handled with fewer employees than last year, resulting in a gross productivity increase of 3.6 percent.

The Postal Service not only processed and delivered more mail more efficiently, we also improved our on-time performance. Overnight, two-, and three-day performance for stamped First-Class Mail for each quarter during fiscal year 1982 either matched or exceeded the performance for the same period of the previous year. During the first quarter of fiscal 1983, which includes the holiday season, service in the overnight delivery areas was equal to that of last year's, with 95 percent delivered on time. Two- and three-day delivery improved for the second year in a row.

Early financial results for fiscal year 1983 show that we are currently running ahead of planning estimates, with a net year-to-date income of $393 million through accounting period 5 ending February 18. While the budget estimate we put together last year projected a deficit for fiscal year 1983 of $285 billion, we are trying to get to at least a break-even year. Depending on our mail volume during the slower part of the year and the success of our management of workyears and costs, I believe we may be able to hold the losses during the rest of the year to less than what we have earned to date.

While our cost control efforts have received a boost from the decline in inflation, the inflation line is not flat, so our costs do continue to rise. In addition, we are facing some newly imposed cost items, including our share of the new Medicare tax,

which will cost us about $170 million a year, plus increased contributions for health insurance of about $141 million.

Some of the proposals now under discussion concerning employee benefit programs would add considerably more to Postal Service costs in 1984 and beyond. The Administration's proposals to charge us for health benefit contributions for retirees from the Postal Service would cost an estimated $333 million in fiscal year 1984. The proposal to increase the employer's contribution for civil service retirement to 9 percent in 1984 and 11 percent in 1985 would add an estimated $260 million to our fiscal year 1984 costs and $561 million for fiscal year 1985. The proposal which some have discussed to charge the Postal Servcie for cost of living adjustments paid under the retirement law to persons who retired from the Postal Service would also involve substantial additional costs.

AUTOMATION

To avoid having to pass all cost increases along to the postal ratepayer, the Postal Service must continue to find new ways to improve its productivity. At this stage, the biggest opportunity is automation. Years of planning for the effective use of modern technology to automate postal operations is now beginning to bear fruit. The Postal Service began installing computer-driven optical character reader/channel sorters in selected mail processing facilities in September 1982. By late 1984, we expect to have 252 of these machines in the 118 largest mail processing facilities. These facilities handle 75 percent of all outgoing and 68 percent of all incoming mail. A second-phase procurement of additional machines will be considered early in 1984.

We were pleased that the General Accounting Office study released on January 6, 1983 generally supported the Postal Service's acquisition of automated equipment and its use for letter mail processing. It also endorsed the implementation of the ZIP+4 code provided certain conditions are met. After the year-long examination of the ZIP+4 program, conducted at Congress request, the GAO concluded that "[the] potential incremental gain to the Postal Service in moving from automated use of the five-digit code to automated use of the nine-digit code is so great in comparison with the incremental cost that if certain conditions are met, the move to ZIP+4 would be more than justified."

GAO expressed concern about the optical character readers' performance and the reluctance of business mailers to adopt the longer ZIP Code unless it is financially advantageous to them. Testing is underway to ensure the reliability of the automation equipment. The Postal Service has undertaken an educational effort to explain the advantages of ZIP+4 use to business mailers. In addition, we have proposed a rate discount of a half-cent per piece for mailing 500 or more First-Class letters or cards bearing ZIP+4 codes and capable of processing by the automated equipment. An estimated 12 billion pieces of mail are expected to qualify for the ZIP+4 rates within one year of implementation. The automated equipment would more than pay for itself if we used it only with the five-digit ZIP Code. But the big return on investing in this equipment will come from processing the ZIP+4 mail attracted by the pending rate discount, since additional processing steps can be automated with the information from the 4-digit add-on to the code.

We are also automating in some other areas such as window service. Two thousand window positions were automated with programmable calculators and electronic scales in 1982. We have recently completed installation of these automated units in another 2,000 window positions and expect to have the equipment at another 600 window positions by this summer.

An area which demands increasing management attention is our delivery services function. Nearly 40 percent of our field workhours now fall in this category. This part of our workload is growing constantly as the delivery network has been expanding by about a million and a half possible deliveries each year. Delivery service is a heavily laborintensive function which does not lend itself to the application of technology and automation to the extent that some other functions do. Management faces a strong challenge to improve efficiency and control cost growth in this function through better methods of delivery.

EMPLOYEE INVOLVEMENT PROCESS

One of the most innovative initiatives the Post Service is pursuing this year is the Employee Involvement/Quality of Working Life process. With the joint participation of three of our four major unions, we are developing and implementing a process which will give our employees the opportunity to participate in problem solving in the workplace. Our goals for the process are to improve labor/management rela-

tions and the quality of life of our employees at work, and to make the most of the fact that our workers are a most important part of the team, and have a real stake in our organization fulfilling its responsibilities. The process will involve all categories of employees—ranging from the rank-and-file through management. Nine sites have been selected for initial implementation of the process involving the Postal Service and the unions which have agreed to participate. Our joint efforts with the National Association of Letter Carriers have begun at the Philadelphia Management Sectional Center and the Chicago Post Office to be followed by the Los Angeles, Atlanta, and Albany, New York Management Sectional Centers; the National Rural Letter Carriers' Association at the Bowling Green, Kentucky, and Albuquerque, New Mexico Management Sectional Centers; and the National Post Office Mail Handlers' Union at the Houston General Mail Facility and the Denver Bulk Mail Facility. We have high hopes for the process becoming a way of doing business in the Postal Service. It will be a long haul, but we believe that the potential long-term benefits to our employees, the Postal Service, and the public make the process well worth pursuing.

PRIVATE EXPRESS

Considering the things that are being said about the Private Express Statutes, I feel on obligation to use every chance I have to tell the real story about these laws. The real story is the public interest in maintaining the universal postal system and universal rate structure. That's what the Private Express Statutes are all about. I do not have any doubts that debate about these statutes will come out with the right answer for the public, so long as we remember the question is what kind of service the people of this country and their elected representatives want to have.

I firmly believe that the nation's postal system is looking forward to a bright future. What is required to achieve that promise is to keep up the initiative to maintain and improve on the foundation we now have in terms of rate stability, productivity gains, and better labor-management relations. I appreciate the help which this Committee has provided. We need and depend on your assistance and that of the Congress as a whole to accomplish the public job which we have been assigned to do.

RESPONSES TO WRITTEN QUESTIONS SUBMITTED BY SENATOR STEVENS

Question. It has been suggested that the volume of mail being transmitted through E-COM is less than it should be because there simply is not a sufficient market for the E-COM product particularly since the two-day delivery standard is not good enough for many potential mailers. Have you taken any market surveys for E-COM? What are the results of those surveys?

Answer. It is apparent that there is a sufficient market for E-COM and that such a market is growing as awareness of the service grows. Thus far, 958 firms have applied to become users of E-COM and this number is growing at a rate of 10 to 15 per week. To date, in fiscal year 1983, message volume is averaging well over one million messages per accounting period, and weeks with one-half million message volumes have occurred more frequently. Our market research indicates that reliability is as important as speed to potential E-COM customers. The two-day delivery standard within the area of the receiving Serving Post Office is an extremely reliable standard. Looking at the service "speed" from the point of view of the mailer, E-COM has proven to be extremely significant in speeding preparation of the mail within the firm's operation. E-COM alleviates the physical in-house handling of a mailing piece and thus has provided that necessary speed for mailers with time sensitive messages.

Question. Mr. Bolger, I noticed that you are establishing an official mail stamp and stationary to be used by federal agencies. Am I correct that this is just for the Executive Branch? Other than assuring the more accurate payment of postage due the Postal Service, will it provide any savings to the agencies who use it or to the Postal Service, in terms of reduced bookkeeping or handling?

Answer. We are currently testing the concept of an Official Mail Stamp with the Air Force and the Soil Conservation Service, Department of Agriculture. If the test establishes the feasibility of this approach, we plan to introduce the stamp, along with permit imprint procedures for bulk mailings and Official Mail postage meters, as the basis for tracking postage costs for all agencies (executive, judicial, and independent) authorized to use Penalty Mail.

The Official Mail Stamp is not compatible with the current legal provisions for Franked Mail and we have no plans that it would be used for that purpose. Howev-

er, we would certainly be prepared to discuss and explore the possibilities with you if the Congress wished to use the stamp or other methods to track and allocate its postage costs.

We currently believe the cost impact of the Official Mail Stamp with regard to bookkeeping and handling will not be significant when compared to present procedures. However, we will know more in that regard after the test and its evaluation are completed. The major benefit of this system, beyond the issue of improved accuracy, will be to facilitate better management of Federal government mail. This will be accomplished by providing data to allocate and track postage costs to the organizational level where mailing decisions are made. Since mail costs for most agencies are currently budgeted and accounted for centrally at the headquarters level, mail appears to be "free" to those organization levels that make most of the decisions on what, how much, and how to mail. Thus, there is no incentive for them to use lower-cost mail classes, to presort, to consolidate, or to try other cost reduction approaches. This situation has been a clear impediment to us in attempting to increase the Federal government's use of presorted mail.

Under the proposed system, we will be able to give agencies data on acutal usage at a fairly low organizational level. They will then be able to hold managers accountable for the most effective use of postage expenditures, which will soon exceed $1 billion annually. We believe this will result in much more active and effective mail management in the Federal government.

Question. It has been alleged that "once USPS leases telecommunications lines for E-COM business, it becomes a resale common carrier in direct competition with scores of large and small private companies". Do you agree with that assessment?

Answer. The U.S. Postal Service is an independent agency of the Federal government, given explicit service mandates by the Postal Reorganization Act. As such, it has the responsibility to provide a universal mail delivery service using the most efficient means available. We view the use of electronic technology to be within that mandate. However, the use of electronic technology has been qualified by Postal Service policy with full concurrence from its Board of Governors. The policy annunciates three important qualifications and these are: (1) the Postal Service will not seek to exend the letter mail monopoly to electronic communications; and (2) it will not provide "Generation III" services, i.e., delivery of mail to addresses by electronic means; and (3) it will not seek to construct or own any telecommunications facilities. Attached is a copy of the Board statement.

POLICY STATEMENT ON E-COM—ADOPTED BY THE BOARD OF GOVERNORS ON MARCH 8, 1983

The Board of Governors has reviewed the progress of the E-COM service which it authorized two years ago last August and which began operations in January 1982.

The legal position of the Board of Governors in offering E-COM service as a permanent mail classification has been upheld repeatedly by the courts. Volume is building steadily, and more mailers each month are making the necessary arrangements to utilize E-COM service. It is now clear to us that a public need exists for this service. It is also clear that certain changes in the manner of providing E-COM service are appropriate. Upon completion of preparations now underway, the Board will direct the Postal Service to file with the Postal Rate Commission requests for classification and rate changes which will broaden the public usefulness of this service and assure that it is self-sustaining in conformity with Section 3622 of the Postal Reorganization Act.

E-COM service as presently constituted represents the Postal Service's effort to adapt electronic technology to its task of providing the American public with rapid, reliable, and economical mail service.

We see no conflict between the Postal Service's use of contemporary technology and the interests of private sector firms so long as the Postal Service continues to operate under the Board's policy. It seems advisable to restate at this time the principles which underlie the Board's policy:

(1) The Postal Service will not seek to extend the letter-mail monopoly to electonic communications.

(2) It will not provide "Generation III" service, i.e., delivery of mail to addresses by electronic means.

(3) It will not seek to construct or own any telecommunications facilities.

Within these guidelines, and within the statutory and regulatory framework in which it operates, the Postal Service will pursue arrangements which permit it to accept mail in electronic form for delivery by conventional means.

These qualifications assures that the Postal Service will not compete in the telecommunications market. In fact, E-COM experience to date demonstrates a growing cooperative relationship with many private firms, large and small, which offer telecommunication services.

To date, communications carriers both large and small have provided a myriad of data processing services and transmissions of messages for E-COM customers.

Question. It has been alleged by a manager for Western Union that one third of E-COM's business is downgrades from Mailgrams. In other words, it is business that Mailgram would have had but because E-COM is cheaper mailers are simply transferring over to E-COM. Is that a correct assessment? If it is, how does that possibly provide any gain for the U.S. Postal Service?

Answer. While both E-COM and Mailgram offer high impact appearance and utilize advanced technology in transmission and receipt of messages, E-COM and Mailgram are essentially different service offerings which fulfill the Postal Service's mandate of providing services responsive to the needs of different categories of mail and mail users.

Mailgram is a high speed service with an overnight delivery standard provided for a premium price. Mailgram is received by Western Union in any form (hard copy, mag tape, by voice) and in any volume.

E-COM is currently offering a two-day delivery standard within receiving Serving Post Office areas. Messages are received in bulk, with a 200 message minimum per transmission, and are received via electronic transmission, only.

While some Mailgram customers may assess their mailing needs and opt for E-COM, it is impossible to estimate this number accurately. With experience by mailers with both service offerings, there is every reason to project that both services will co-exist and serve different market segments and different mailing needs.

Question. Could you provide us with a summary of your evaluation of the success or lack of success of E-COM?

Answer. E-COM reduces mailers' costs, improves service, and provides a more efficient means to transport the nation's mail. E-COM serves mailers with computer capability just as we believed it would. The service is a success operationally, and as awareness of the service's availability grows, and the volume increases steadily, the service can become a marketing success.

In Fiscal Year 1982, an average of 359,692 messages were received per four week accounting period. In Fiscal Year 1983, to date, an average of 1,028,346 messages have been received within the same measure of time. Nine hundred and fifty-eight customer applications have been received to date, with 191 applicants having become certified to actually access the system. These certifications are increasing by approximately 20 per month.

There is every indication that E-COM can meet its volume projections. That success is dependent upon an increased awareness of customers about the benefits of E-COM and an increased willingness on the part of customers to make the technological innovations in their own systems to enable them to participate in E-COM service. We have worked with many users large and small and the changes they need to make whether hardware or software can be significant.

Additionally, there is a growing body of companies who have applied to become E-COM carriers. These companies provide the gamut of services to users, from office procedures to transmission data. The growth and economic viability of these companies are important to the success of E-COM. We have engaged in a program to promote the cooperative relationship between the Postal Service and these companies.

In summary, E-COM is a service designed to serve a public which is increasingly involved in the transmission of their messages electronically. It provides an additional option of off-net, hard-copy delivery to a public which is exploring any and all means of economically delivering their messages and of expediting the preparation of their messages.

In summary, E–COM successfully serves the public, is a success operationally, and is proving to be mutually beneficial endeavor for those in the private sector who have participated in partnership with the Postal Service thus far.

Question. Mr. Bolger, it has been alleged that the Postal Service is using income from its monopoly-protected letter mail to subsidize those services which are competitive with private enterprise. The example given is your E–COM service. Critics claim that this action is detrimental to private industry and to those firms wishing to compete with you in that area. How do you respond to such a charge? In addition, there are those who conclude that E–COM is cross-subsidized, that its 26 cent rate is too low. This conclusion seems to be based on two general perceptions: (1) actual capital expenditures have proved some five times higher than estimated by the Postal Rate Commission when it came up with the 26 and 31 cent rates, and (2)

delays in getting E–COM underway have seen First-Class Mail rates rise from 15 to 20 cent without any change in the E–COM rate.

Answer. It is the full intention of the Postal Service that all services be provided at rates that are compensatory. Specifically, it means that all costs plus appropriate contribution to institutional costs are covered by the revenues generated by the service.

This is certainly our intention concerning E–COM service. To that end, on April 25, 1983, we filed an E–COM case with the Postal Rate Commission which changes the rate from 26 cents for the first page and 5 cents for a second page to 31 cents for the first page and 9 cents for a second page while eliminating the 200-message per transmission minimum and providing a reply envelope inserting service at 4 cents per envelope. These adjustments assure that all costs incurred in providing E–COM service are covered by the revenue it generates while making contributions to institutional costs generally appropriate for its class. As such, E–COM is not being subsidized by other services.

Moreover, we have proposed to do this while taking into consideration that the product is in its infancy and needs nurturing and time to grow; and that the product is an innovation requiring significant actions by its users. The balance achieved by the E–COM filing is fair to all participants and customers of the Postal Service.

Question. Mr. Robert Huse, President of the Mail Advertising Service Association, recently told his members that E–COM is a distinct threat to mail advertisers and that E–COM could ruin the entire mail advertising industry within five to ten years because of the artificially low rates for E–COM mesages which include printing, folding, and delivering. I am sure you will agree with me that advertising mail is an important ingredient in the mix of mail volume. Do you agree with Mr. Huse's assessment of E–COM's possible affect on advertising mail?

Answer. The Postal Service clearly does not share Mr. Huse's assessment of E–COM's affect on advertising mail. Postal customers, including direct mail marketers, are facing a new world of technological innovations which are restructuring the methods by which retailers and customers do business. With the new options of cable TV, teletext, videotext and the like, the implications for direct mail merchandising are significant.

Many forward thinking advertising mailers view the developments in electronic printing, transmission and computer capability as enhancing their abilities to merchandise and supplementing the mix of services they can provide to their own customers. Along these lines, a growing number of E–COM customers are coming from the ranks of printers and mail service shops. One such printer indicated that his use of E–COM was most cost effective for those smaller jobs which he has trouble scheduling on his large presses which feature four-color, graphic capability.

E–COM is not a threat to mailing service organizations, but an opportunity to provide an additional service to their customers with relatively small investment.

Question. I understand that the use of E–COM dropped sharply in December. Is that a trend for the future, or is there some explanation for that decline? What was the extent of that drop?

Answer. With slightly over one year of E–COM operations experience, the one overall trend that is clearly recognizable is volume growth. While along this trend line there appear some dips and some peaks in volume, each accounting period produces continued growth in usage. The drop in volume in December to which you refer was during the holiday week between December to which you refer was during the holiday week between December 25–December 31. That week, volume dropped from approximately 250,000 per week to 63,955 messages. Similarly, we recently experienced a volume drop during the holiday week of March 26–April 1 to 162,411 messages from the typical volumes of one-half million.

While volume is generally on the upswing, it would appear that E–COM usage may drop during significant holiday periods.

Question. I understand that the Internal Revenue Service spent approximately $20,000 to send out mailings utilizing the 7-digit presort carrier route. That $20,000, I am told, saved the IRS over $2 million in postage that would otherwise have been spent. Do you attempt to market the discount programs available to private concerns to the various federal agencies? I am curious why more federal agencies haven't taken advantage of your presort discount like the IRS.

Answer. The Postal Service is most pleased with the progress being made in its efforts to increase usage of Presort Mail, both Presort First-Class Mail and Carrier Route Sorted Third-Class Mail, by the federal sector. The Internal Revenue Service saved almost $3 million by carrier route sorting its Third-Class Mail last year. However, this agency was not alone as almost all agencies experienced some savings,

with 20 percent of eligible mail receiving a discount in fiscal year 1982. A total savings of $20–$21 million for the federal government was achieved during that year.

The postage savings programs offered by the Postal Service are marketed to the federal sector through its direct sales force with individuals at the post office, regional office, and national headquarters level being assigned direct sales and service contact responsibilities. Additionally, an offer has been made to place a postal executive on detail to assist in the implementation of programs that are cost beneficial to both the agency and the Postal Service. To date, the Departments of Labor, Agriculture, Justice, Health and Human Services, and the Navy have participated.

Beyond this, we work closely with the Office of Management and Budget and the General Services Administration to provide assistance to federal agencies. Through these two agencies, we can provide general information for use by all agencies. In addition, the General Services Administration is a member of the Mailers' Technical Advisory Committee.

Question. What kind of program does the Postal Service have for marketing the various services such as E–COM, Parcel Post, ZIP+4, and the Presort Carrier Route Program?

Answer. We follow what most would consider the traditional process of marketing. The basis for our marketing activities is an annual marketing plan, which lays out volume or revenue objectives and establishes the strategies and tactics to be followed to achieving these goals. We focus planning on the service and its features, its price, the places where customers can purchase or receive it, and the communications activities needed to promote it. The process is designed to ensure that the service as offered meets customer needs at a price they can afford, and that they are aware of it and can obtain it. In addition, customer information and technical assistance is given to the mail users to assist their address file conversions, updates, etc.

It is important to recognize that our marketing program is more than just the ads seen on Express Mail, philatelic sales, or information brochures on Presort First-Class Mail. Our marketing program is the sum of planned activities undertaken to meet specific business objectives.

And we have had success following this approach. Express Mail revenues exceeded $360 million in FY 1982; Presort First-Class Mail volume totaled 11.7 billion pieces saving mailers over $340 million in postage while contributing significantly to our efforts to control costs; Carrier Route Third-Class Mail volume rose to 14.9 billion pieces, saving mailers over $200 million while helping to control postal costs.

But more can be done. Both the report of the National Academy of Public Administration and the preliminary report of the President's Private Sector Survey on Cost Control indicate that even a greater degree of marketing involving awareness of customer needs and wants throughout the entire postal organization is vital to the continuing health of the Postal Service. To this end, we have conducted a review and plan increased postal marketing efforts shortly.

Question. With regard to a possible rate increase, wouldn't you normally wait until after the labor contract has been signed before you initiate a postal rate increase? How can you judge what level of income you are going to need if you don't know what your labor costs are going to be?

Answer. Discussions regarding the timing of rate changes are based primarily on the projected future financial position of the Postal Service. Once a determination is made that a rate change will be necessary, the Postal Service must submit its proposals to the Postal Rate Commission where the proposals undergo a ten-month review process. While it would appear desirable to postpone filing of rate increase proposals until all costs, including any resulting from collective bargaining, are known with the greatest degree of certainty, the revenue requirements of the universal postal system simply do not permit such delay. Therefore, of necessity, we must base the filing of rate increase proposals on an evaluation and best possible estimate of all of our current and future costs.

Question. When you compare postal employee salaries with those in the private sector, who do you compare them with?

Answer. In enacting the Postal Reorganization Act, Congress advised the Postal Service "to maintain compensation and benefits . . . on a standard of comparability . . . paid for comparable levels of work in the private sector of the economy" 39 U.S.C. § 1003(a). Our interpretation of "the private sector" is the *entire private sector* encompassing firms both large and small and unionized as well as nonunionized. If specific Postal Service occupations can be matched with those of the private sector, direct comparisons are made. For those Postal Service occupations not having close counterparts in the private sector, indirect comparisons are made using demographic data.

Question. Would you care to comment on the Office of Technology Assessment's report on the Postal Service's need to become involved in the whole field of electronic mail?

Answer. I will supply the Committee with a copy of my letter to the Project Director and a press release issued on the occasion of the report's publication.

THE POSTMASTER GENERAL,
Washington, D.C., April 29, 1982.

Mr. FRED B. WOOD,
Project Director, Office of Technology Assessment, Congress of the United States, Washington, D.C.

DEAR MR. WOOD: Thank you for providing the Postal Service with an additional opportunity to review your draft report entitled, "Implications of Electronic Mail and Message Systems for the U.S. Postal Service". In the main, I find the report most interesting and a significant contribution to the examination of electronic message service systems and the role of the Postal Service in such systems.

I have had each of the managers and planners who reviewed the initial draft go over the recent product and, based on their comments, I would make the following points. Since the United States Court of Appeals for the District of Columbia Circuit has denied the Department of Justice's petition for relief under the All Writs Act (In Re United States of America, No. 81-2402, April 20, 1982), I ask that the discussions of this litigation at pages eighteen and one hundred forty-two of the report be revised. In addition, I find unworkable the suggestions at pages one hundred seventeen and one hundred eighteen that five- or six-day Generation II EMS delivery might be maintained while regular mail delivery might be reduced to one or two days per week. My staff also points out that the eight cent per piece MAILGRAM cost used in the report is an outdated figure which has since been refined through our revenue and cost analysis process to twenty-four cents. Thus MAILGRAM costs are not a good proxy for possible EMS costs.

While my staff also made a few technical points concerning certain of the costing assumptions used in the report and the precision of some of the analogies used, I will withhold comment at this time so as to facilitate the publication of the report, reserving the right to comment on them later should it become necessary.

Again, thank you for your work in this very important area and your willingness to entertain comments from all participants in the continuing discussion of the role of the Postal Service in electronic message service systems.

Sincerely,

WILLIAM F. BOLGER.

RESPONSE BY POSTMASTER GENERAL WILLIAM F. BOLGER TO THE OFFICE OF TECHNOLOGY ASSESSMENT REPORT "IMPLICATIONS OF ELECTRONIC MAIL AND MESSAGE SYSTEMS FOR THE U.S. POSTAL SERVICE"

I welcome the findings of the Office of Technology Assessment report that urges Congressional guidance on the role of the U.S. Postal Service in electronics. It is a position I have taken and endorsed for at least four years.

I applaud OTA's conclusion that Generation II electronic mail message systems service is wholly dependent on the Postal Service's participation since, as the report noted, "private firms are neither willing nor able to duplicate the nationwide physical delivery structure of the USPS."

It was with that premise in mind that the Postal Service inaugurated E-COM, Electronic Computer Originated Mail service, in January 1982. At that time, I stressed my long-held position that the Postal Service should not attempt to provide Generation III service, which I view as the proper domain of the private sector.

I support the OTA finding that congressional action is needed "to clarify or redefine regulatory boundaries" and to impose guidelines on USPS participation in electronics.

Finally, I would take issue with the OTA conclusion that commercially offered electronic mail and message systems and electronic funds transfer systems will result in significant decline in mail volume in the 1990s.

From 1973 to the present, there have been numerous attempts to forecast diversion of conventional mail to electronic alternatives. Six of these forecasts can now be compared to actual mail volume. All six attempts significantly underestimated actual volumes.

While it is true that electronics have been diverting business away from the Postal Service ever since 1837 when the Post Office Department gave Samuel Morse

the seed money to invent the telegraph, it is also true that mail volume has increased almost every year since that time.

In fact, the only time mail volume has declined in recent history was during the Depression of the 1930's and in 1974–1975. The subsequent introduction of the telephone, radio, television, cable, microwave and data communications via satellite have not altered that fact.

On the contrary, in most instances, these advances in technology have served to increase certain portions of our mail volume over the years. Cable TV subscriptions, for example, will actually generate about 674 million pieces of First-Class Mail a year.

Based on long-term predictions for the growth in population of the country, the number of households and forecasts for increases in disposable income—all factors that have directly stimulated mail volume growth in the past—we must conclude that a favorable climate exists for the Postal Service in the decades ahead.

Question. There has been some criticism that the Postal Service spends far too little on research and development. What is the percentage of your budget that is spent on research and development? How does that compare with private industry?

Answer. The Postal Service has taken several significant actions over the past year to assure the appropriate use of technology within the Postal Service. Among these actions are the following:

Established an executive level Technology Planning Committee to direct a comprehensive planning process that will assure the formulation and execution of a long range U.S. Postal Service Technology Development Plan. This Plan will be updated annually.

Established a new Technology Resource Department to support the Technology Planning Committee and to execute the long term technology development programs.

These and other supporting actions were the result of a two-year analysis of postal R&D efforts. The conclusion reached was that, over the past 10 years, postal R&D had been directed overwhelmingly toward the nearer term operational needs and that longer term needs had received insufficient attention.

Historically, postal research and development expenditures have been approximately twelve-tenths of one percent (.12%). For comparison, a selected survey of private sector research and development spending in 1980, conducted by Business Week magazine, is shown on the attached schedule.

SPENDING ON RESEARCH AND DEVELOPMENT—A 1980 SURVEY BY BUSINESS WEEK MAGAZINE

	Revenues (millions)	Research and development expenses	
		Percent of revenues	Amount per employee
Industry or service group:			
Aerospace	$45,092	4.5	$3,026
American Can	4,812	9.9	804
Applicances	9,511	1.8	921
Auto and trucks	113,161	4.0	3,264
Building materials	14,017	1.1	939
Chemicals	89,877	2.4	2,478
Computers	53,258	6.4	3,979
Electrical	46,645	2.8	1,703
Electronics	27,929	2.9	1,584
Fuel	380,536	.4	1,774
Instruments	14,169	4.2	2,142
Machine tools	30,208	1.6	1,061
Miscellaneous manufacturing	45,178	2.1	1,303
Paper	32,550	.8	809
Telecommunications	63,969	1.0	559
U.S. Postal Service	19,253	0.1	36

The establishment of the Technology Planning Committee and the Technology Research Department is planned to substantially increase the research expenditures of the Postal Service, although it may not be appropriate to match the levels of the product oriented industries since the Postal Service is more properly compared to a service industry.

In the past, postal research efforts have been directed toward near term operational needs. Those efforts are very important and will, of course, be continued in the future. The additional expenditures pointed out above will be focused on applying technology across all functional areas of the Postal Service as well as to the longer term operational needs.

Question. We know that in many cities and towns throughout this country the post office is the only evidence of federal presence in the community. The Postal Service, I know, takes on the added responsibilities of providing federal services well beyond the scope of delivering mail. Can you tell the Committee the most common non-postal government business you carry out? Are you reimbursed for these services by the appropriate agency? In other words, does the Passport Office reimburse your for the passport services you provide?

Answer. The Postal Service accepts passport applications, distributes food coupons, sells migratory waterfowl stamps, performs housing surveys for the Federal Home Loan Bank Board, accepts Selective Service registration forms, and participates in the decennial census. All of these services are performed on a reimbursable basis, with the fees charged designed to cover our costs and make a contribution to overhead.

Question. What is the outstanding debt of the Postal Service? How do you plan to pay this debt off?

Answer. I would be pleased to provide for the record charts depicting outstanding postal indebtedness and our planned repayment schedule.

U.S. POSTAL SERVICE BORROWING SCHEDULE AS OF SEPT. 30, 1982

[Dollars in millions]

	Rate (percent)	Amount borrowed	Repayments				Balance Sept. 30, 1982
			Refinanced	Pl. 94–421 Oct. 1, 1976 and May 4, 1977	Prepayment, Sept. 28, 1979	Regular	
Capital:							
Bonds	6.875	$250					$250
Notes:							
2	8.20	500				$140	360
6	8.075	800				224	576
8	7.80	375				90	285
Total capital		1,925				454	1,471
Operations:							
Notes:							
1	9.305	500	[1] $500				
3	7.80	500		$205	$200	95	
4	6.126	500	[2] 500				
5	7.65	500		300		200	
7	7.78	700		420	140	140	
9	6.85	125		75	25	25	
Total operations		2,825	1,000	1,000	365	460	
Total		4,750	1,000	1,000	365	914	1,471

[1] Repaid with proceeds of Note 4.
[2] Repaid with proceeds of Note 5.

U.S. POSTAL SERVICE PROJECTED REPAYMENT OF LOANS OUTSTANDING AS OF SEPTEMBER 30, 1982

[In millions of dollars]

	Balance as of Sept. 30, 1982	Fiscal year—					
		1983	1984	1985	1986	1987	1988
Capital:							
Bonds	250	([1])	([1])	([1])	([1])	([1])	([1])

U.S. POSTAL SERVICE PROJECTED REPAYMENT OF LOANS OUTSTANDING AS OF SEPTEMBER 30, 1982—Continued

[In millions of dollars]

	Balance as of Sept. 30, 1982	Fiscal year—					
		1983	1984	1985	1986	1987	1988
Notes:							
2	360	20	20	320			
6	576	32	32	32	32	32	32
8	285	15	15	15	15	15	15
Subtotal capital	1,471	67	67	367	47	47	47
Operations:							
Notes:							
7							
9							
Subtotal, operations							
Totals	1,471	67	67	367	47	47	47

[1] Bond sinking fund requirements satisfied with real estate.

Responses to Written Questions Submitted by Senator Sasser

QUESTIONS

On March 26, 1980, the Inspection Service of the United States Postal Service announced plans to transfer, effective September 30, 1980, administrative functions performed at the Chattanooga division office to the Atlanta and Memphis division offices.

General Bolger, I opposed that transfer at the time and questioned whether it would damage the effectiveness of the Inspection Service in enforcing the postal laws in the Southeast. Since the transfer took place, additional information has come to my attention which raises very disturbing questions about the Inspection Service's law enforcement activities, not only in the Southeast but across the nation.

In the "Digest of Activities" compiled by the U.S. Postal Service, I have noted a dramatic decrease in the number of convictions for postal crimes. The number of convictions in 1978 was 19,176, but that number dropped to 4,783 in 1982—a decrease of about 75 percent. Also, the number of criminal investigations completed dropped during the same period from 195,329 to 23,050—a decrease of 88 percent.

In view of the above, I would like to submit the following questions:

Question 1. What has been the history of enforcement activity in each region of the country and nationally for the past 10 years? How do you explain the decreases in convictions and investigations? Is this due to reductions and transfers in personnel?

Question 2. What is the total number of postal inspection personnel nationwide at the end of each fiscal year for the past 10 years?

Question 3. Have you received any complaints from U.S. attorneys and other law enforcement agencies regarding the failure of the Postal Service to investigate violations of postal laws? If so, please provide me with copies of that correspondence.

Question 4. How has the closing of the Chattanooga division office affected law enforcement activities in the Southeast? Please provide me with detailed statistics of law enforcement activities by the Postal Service in the area previously served by the Chattanooga office, both for years prior to the closing and for the period since it was closed.

Question 5. How many postal inspectors were assigned for each grand division of Tennessee—East, Middle and West—for each of the last ten years? What were the numbers of postal inspectors assigned in each grand division to work on (a) external crimes and (b) mail fraud cases, in each of the last ten years?

Question 6. I request copies of any reports or directives within the postal service in the last ten years that deal with changing priorities of the U.S. Postal Service

regarding the investigation and prosecution of various postal crimes reported to your agency.

Question 7. Please provide copies of any postal regulations that relate to the obstruction of justice or the withholding of reported instances of crime from prosecution.

INTRODUCTION TO ANSWERS

You refer to the closing of the Chattanooga Division in 1980 and the resulting transfer of administrative functions to the Atlanta and Memphis Divisions. As we stated on several occasions and as confirmed by the GAO review, that action had nothing to do with the level or quality of investigative and audit attention provided by the Inspection Service. On page 8 of the GAO report, it is noted ". . . and the level of services provided to the area should not suffer as a result of the consolidation." Again on Page 9: "Given the nature of the operation of an Inspection Service division office, there is little reason to expect that the level of services provided to this area would be adversely affected by the consolidation."

That action was taken for the purpose of reducing unnecessary administrative overhead as part of the overall Postal Service efforts to provide its services to the American public in the most effective and economical fashion. You may be interested to know the Inspection Service has now moved all administrative functions of all Inspection Service field divisions to the five Inspection Service Regions, an action that will, when completed, save the Postal Service an estimated $8–$10 million per year.

You express concern over the decrease in certain Inspection Service statistics. You should recognize, however, that the number of claimed arrests and convictions is not an accurate measurement of a law enforcement agency's effectiveness. More and more law enforcement agencies, including the Inspection Service, are recognizing that the quality of those efforts are much more significant than the quantity of claimed statistics. The Inspection Service's view is that its responsibility is to protect the Postal Service, its employees and its customers from becoming victims of postal crime.

To that end, in 1979 the top management of the Inspection Service began a very detailed and searching review of the operations of the Inspection Service. That review resulted in a change in the direction of the Inspection Service away from superficial emphasis on statistical measurements and towards substantive accomplishments which effectively contribute to meeting the Inspection Service's mission—in short, away from quantity in favor of quality.

In response to your question 6, I am enclosing a series of articles that have appeared in the Inspection Service Bulletin which fully explain the emphasis the Inspection Service has given to its investigative and audit programs. You will note the Inspection Service has clearly defined written policy statements outlining its objective in each of its functional areas—audit, mail fraud, internal mail thefts, external mail thefts, robberies, burglaries, and so on. Copies of those policy statements are also attached. These formed the basis for specific operating programs designed to meet those objectives. Finally, the Inspection Service has assigned its resources in line with those programs and policies.

This has required some shift in the deployment of its people as less emphasis has been placed on low priority work—that which makes little contribution to its objectives—and more on high priority work—that which makes a greater contribution to its objectives. In general terms, there has been some increase in staffing in the very largest cities—New York, Chicago, Los Angeles, etc.—where our problems are the greatest, and some decrease in areas where our problems are less severe. It is important to note, however, that because of the management approach mentioned above and as detailed in the articles furnished you with this letter, the level of service—that is the scope and depth of our audit and investigative attention—is consistent in every part of the country. The people in New York receive the same level of service from the Inspection Service as the people in Tennessee.

Thus, the statistics that concern you reflect not a decrease in the quality of the Inspection Service's effort, but rather our improvement in that effort. In addition, to better meet its basic law enforcement responsibility—to protect the Postal Service, its employees and its customers from becoming victims of postal crime—the Inspection Service in 1979 launched a vigorous crime prevention program that has been quite successful. Obviously, to the extent crime prevention is successful, fewer crimes will be committed, fewer investigations need to be conducted, and fewer arrests and convictions will follow.

As examples of how crime prevention and professional law enforcement can have an impact, in FY 1982, there were only 154 robberies of postal employees—a 50% decrease since FY 1976 and the lowest number in recent years. Burglaries of post offices which reached 1,655 with losses of $3.2 million in 1970, were only 874 with $407,182 in losses last year.

The real measure of how well the Inspection Service is meeting its responsibilities is not to be found merely in a review of statistics. The real measure is in the extent of the law enforcement problems facing the Postal Service. Is it safe to use the mails? Are postal employees being adequately protected from assaults and attacks? Are postal customers being adequately protected from mail fraud? Are Postal Service assets/funds being properly protected? It is our view that these questions should be answered in the affirmative.

RESPONSE TO QUESTION 1

With that as general background, let me try to specifically address your question No. 1.

The decreases in convictions and investigations are explained in part by the change in emphasis, as noted above and in the Inspection Service Bulletin articles and in part by variations in how we kept book.

Our emphasis on quality was intended to and did result in not investigating low priority cases, especially when high priority cases needed attention. Sometimes this meant we had to shift Inspectors from areas where little high priority work was available (and where Inspectors spent almost all of their time on low priority matters) to areas where there was so much high priority work the Inspectors were unable to get to it all. Sometimes it meant Inspectors could not work low priority cases, even though those were the ones that produced "statistics;" i.e., cases closed, arrests and convictions, in order to work higher priority cases which usually take more time and produce less "statistics" in comparison to the effort. Many of the low priority cases were actually investigated by local law enforcement with duplication and minimal assistance by Postal Inspectors. Nonetheless, these cases became part of the "statistics."

For example, a complex investigation involving a gang stealing thousands of pieces of mail with checks, breaking into collection boxes, fencing or cashing the stolen checks perhaps in several states could involve a team of Postal Inpsectors for several months. This might result in five or ten convictions, whereas if they had concentrated instead on single check low priority cases, they might get several times that number of "statistics." The overall contribution to protecting the public, however, in working the gang case would exceed many times working the low priority cases.

What we consider low priorities from our federal law enforcement role are often the offenses more appropriately handled by local or state law enforcement agencies. This is the situation when they have concurrent jurisdiction and there is a lack of circumstances which would indicate we should exercise federal jurisdiction; because American tradition has given the primary responsibility for law enforcement to those state and local agencies. Also, our procedures require Postal Inspectors to furnish any useful information they have to other agencies when we are not going to investigate. In this way the American public is best served when local, state and federal law enforcement efforts are coordinated and not unnecessarily duplicated.

Obviously, working complex high priority cases would reduce "statistics" even though a better job of protecting the public was the result. This has been especially true in the external mail theft area and to a lesser extent in the mail fraud area.

In fact, the reductions you note were mostly caused by changes to a specific portion of what we classify as external crimes—mail theft by persons other than postal employees and mailbox vandalism. Chart 1-A shows that reductions in these convictions were the primary cause in our total conviction reductions. Chart 1-B shows for the past ten years, the percentage these convictions accounted for. In fiscal year 1978, that was 75 percent and in fiscal year 1982, 39 percent.

At the same time, we have placed increased emphasis in areas where our primary law enforcement responsibilities lie—the protection of the public's mail during the time they entrust it into the custody of the Postal Service for delivery.

As can be seen in Charts 1-I through 1-K, Postal Inspector investigative hours for internal crimes (crimes such as theft, embezzlement or other criminal acts by postal employees) are now the highest they have been for the past 10 years. Chart 1-C displays internal crimes convictions for the past 10 years—another indication of fulfilling our mission.

While there were certain statistical reductions in external crimes, mail theft and mailbox vandalism, there were actually increased resources applied to external crimes violations which have a higher priority toward our law enforcement responsibilities. Examples of these are the results of our robbery and burglary efforts previously mentioned and which are displayed further in Charts 1–D through 1–G. Priority mail theft investigations into attack on such things as postal vehicles or storage boxes, which are part of the direct mailstream often resulting in large quantities of mail being stolen, are being effective. Our trend is a 21 percent reduction thus far this fiscal year over last in these type attacks.

Regarding how we kept book on the number of investigations, our Digest of Activities going back to fiscal year 1974 show the number of criminal investigations completed:

1974	58,417	
1975	56,139	
1976	51,328	
1977	243,378	(52,032)
1978	195,329	(45,214)
1979	179,107	(41,220)
1980	189,474	(36,029)
1981	29,018	
1982	23,050	

It is apparent a change in what we considered an investigation took place in 1977. At that time, we included with closed investigative cases certain complaints that received only very minimal attention, perhaps even only a review by an Inspector. We discontinued counting these complaints as investigations in 1981, as the chart would indicate. The figures in parentheses for 1977 through 1980 are those that would be consistent with other years. Thus, rather than conducting 172,279 fewer investigations in 1982 than in 1978, the true figure is 22,164 fewer. Chart 1–H plots criminal cases closed and convictions for Fiscal Years 1973 through 1982.

Also, in the early 1970s, we were moving from a time in which complaints of a possible postal violation were often assigned a case for investigation prior to any analysis of whether there was any substance or investigative potential. This developed into our current more efficient system whereby complaints and information are given preliminary investigative attention and analysis. Subsequently, incidents which warrant further investigation are assigned cases.

These record-keeping changes did combine with an actual reduction in the quantity of investigations. The drop in the actual number of investigations was entirely in the low priority areas, and in fact, the intended and desired result of our program emphasis. It also illustrates the hazards of straight statistical analysis.

These statistical changes are unrelated to any reductions in personnel. They are related to transfers to the extent we were overstaffed in a given area with people doing low priority work that was not done after staffing adjustments. Charts 1–I through I–K show not only we have made adjustments in the investigative areas in which our Inspector workhours have been used, but also that criminal investigative workhours are the highest since fiscal year 1977.

U.S. POSTAL INSPECTION SERVICE

CONVICTIONS FOR EXTERNAL MAIL THEFT AND MAILBOX VANDALISM ONLY VERSUS TOTAL CONVICTIONS

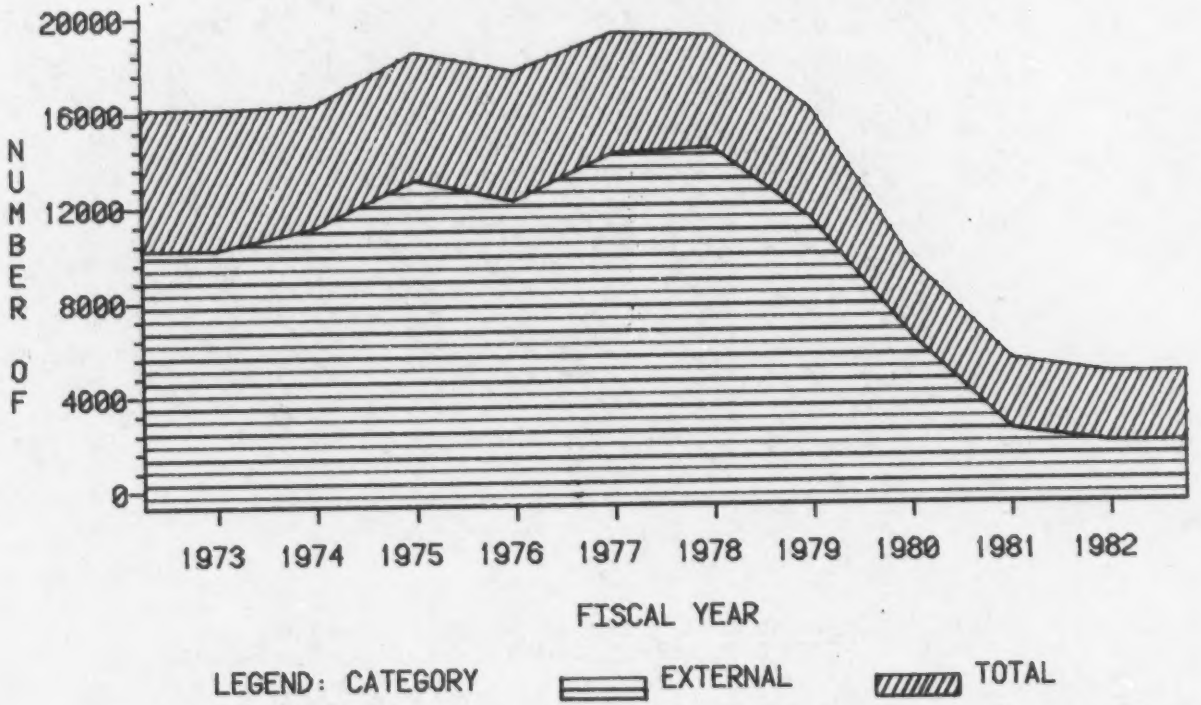


CHART 1-A

U.S. POSTAL INSPECTION SERVICE

PERCENTAGE OF EXTERNAL MAIL THEFT AND MAILBOX VANDALISM
CONVICTIONS TO TOTAL INSPECTION SERVICE CONVICTIONS

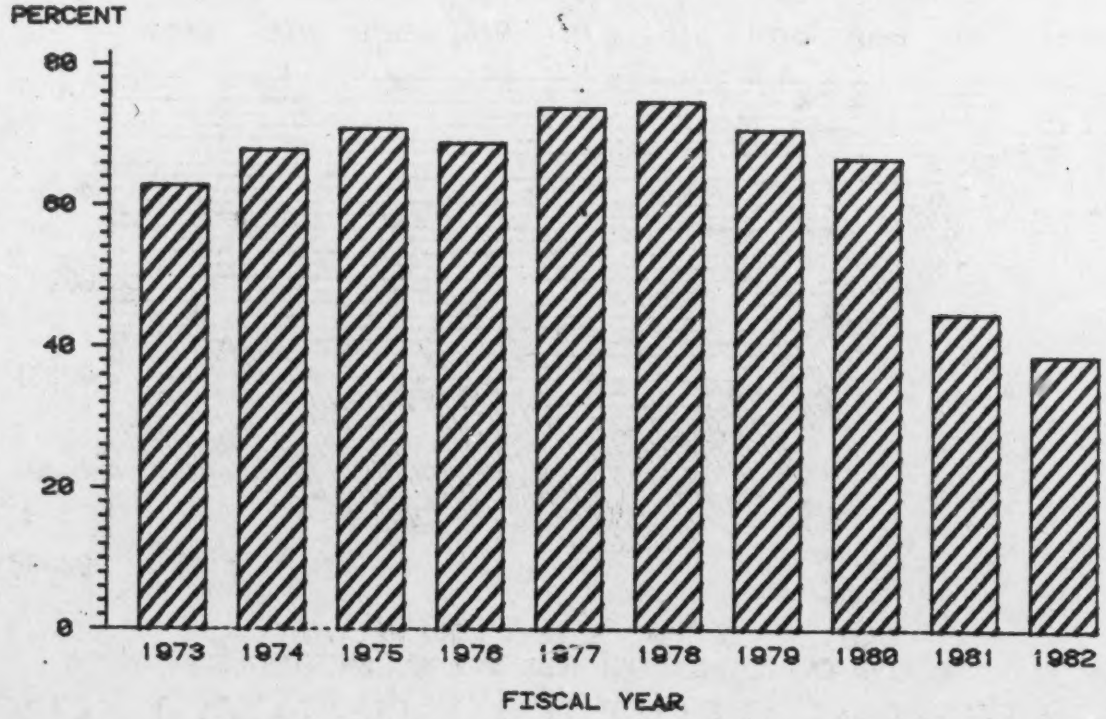


CHART 1-B

U.S. POSTAL INSPECTION SERVICE

CONVICTIONS FOR INTERNAL CRIMES
BY FISCAL YEAR (1973 - 1982)

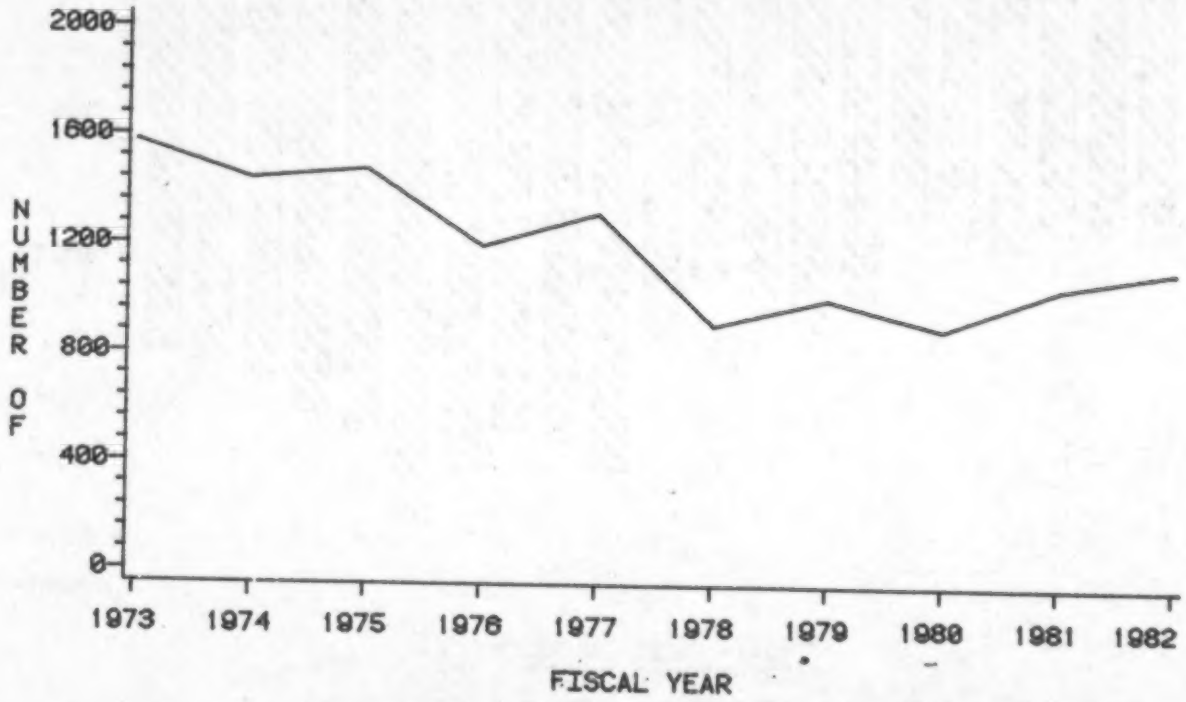


CHART 1-C

U.S. POSTAL INSPECTION SERVICE

POST OFFICE BURGLARIES
FISCAL YEARS 1962 - 1982

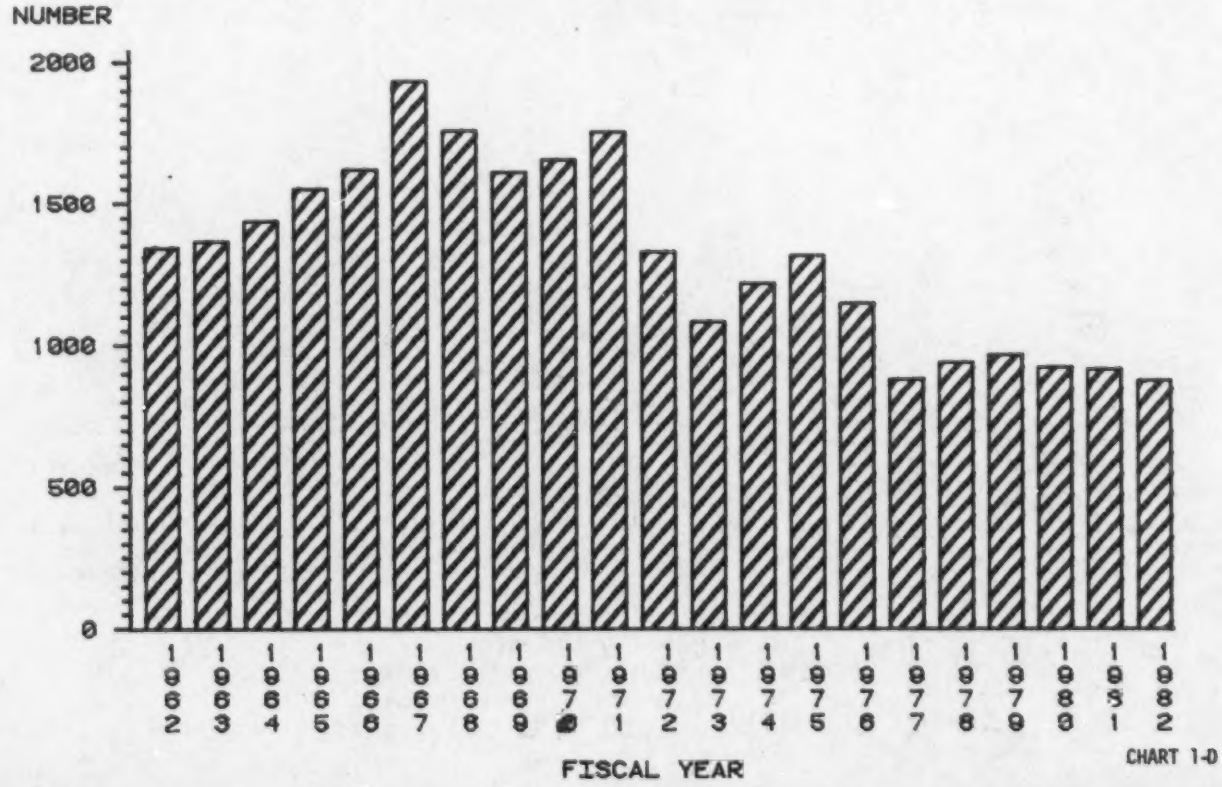


CHART 1-D

U.S. POSTAL INSPECTION SERVICE

POST OFFICE BURGLARIES
FISCAL YEARS 1962 - 1982
HISTORICAL DOLLARS

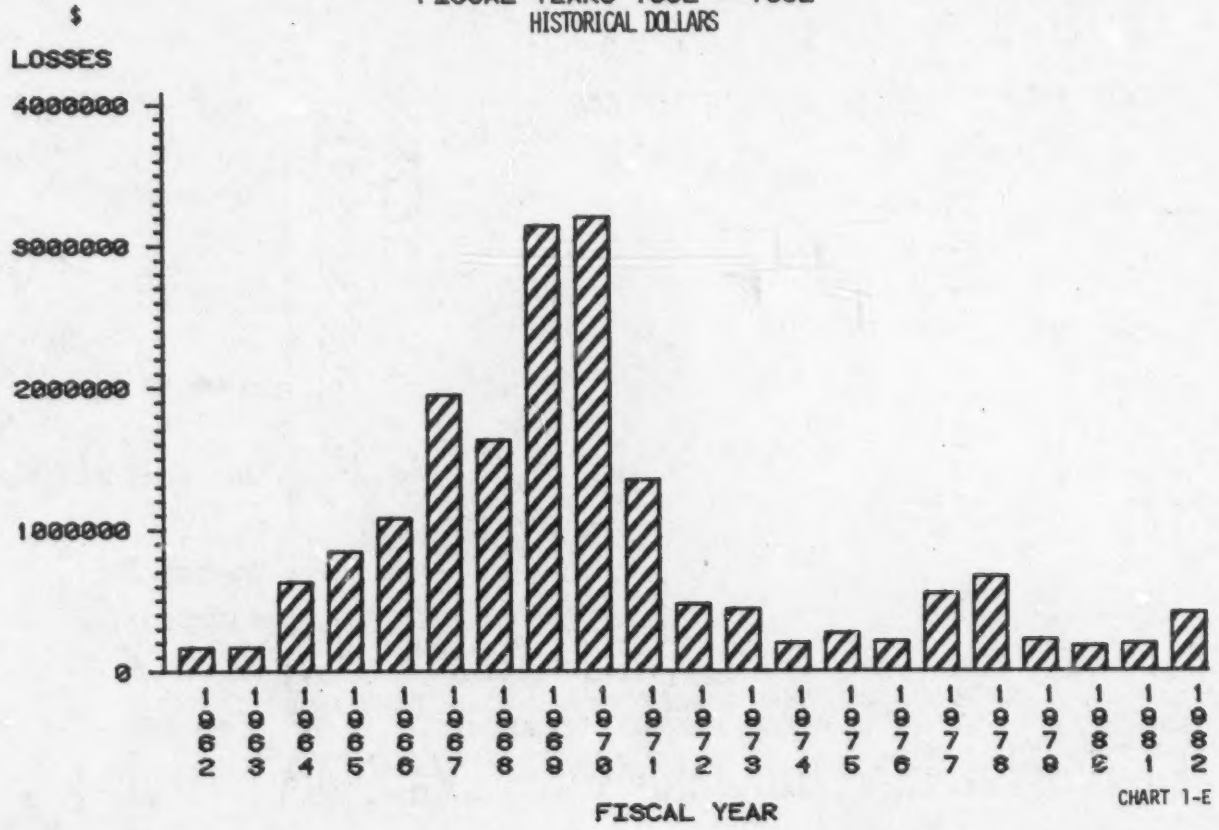


CHART 1-E

U.S. POSTAL INSPECTION SERVICE

POST OFFICE BURGLARIES
HISTORICAL DOLLARS ADJUSTED TO FY 1982 DOLLARS
FISCAL YEARS 1970 - 1982

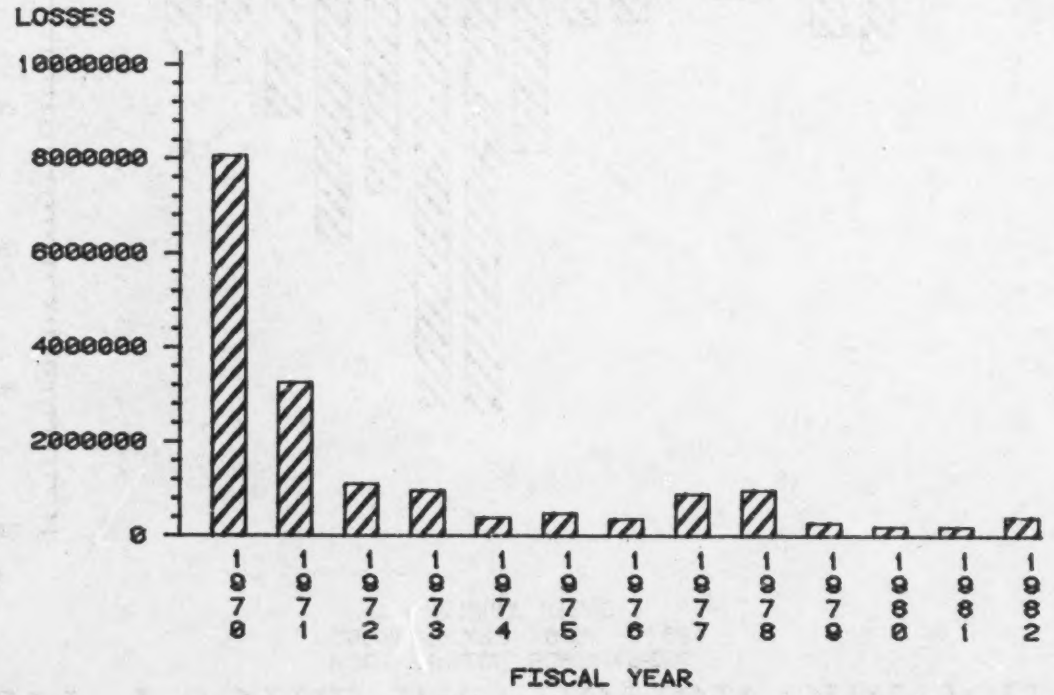


CHART 1-F

U.S. POSTAL INSPECTION SERVICE

POST OFFICE ROBBERIES
FISCAL YEARS 1975 - 1982

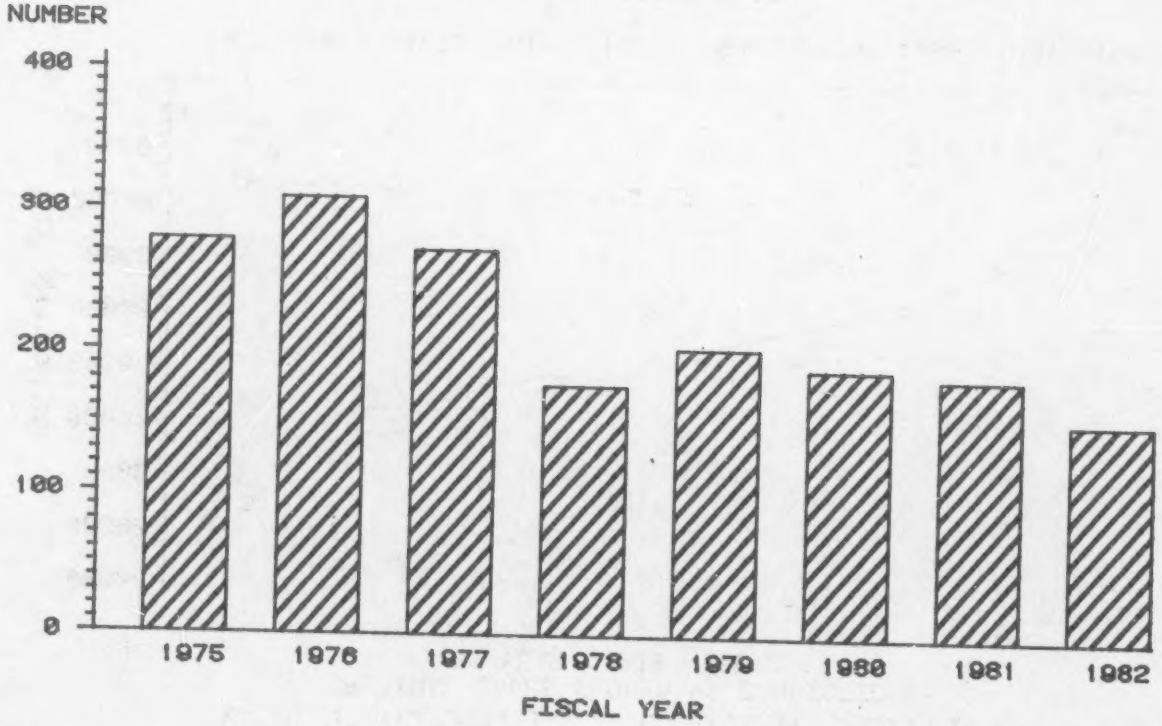


CHART 1-6

U.S. POSTAL INSPECTION SERVICE

CRIMINAL CASES CLOSED VS CONVICTIONS
BY YEAR (1973 - 1982)

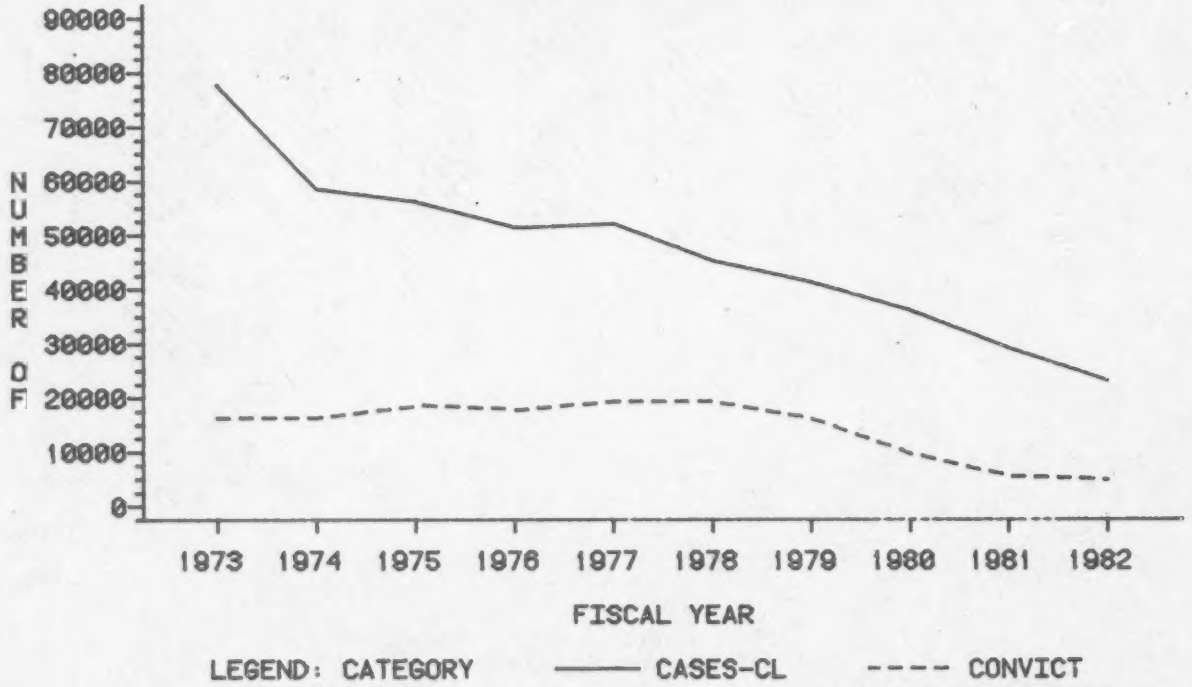


CHART 1-H

U.S. POSTAL INSPECTION SERVICE

INSPECTOR INVESTIGATIVE HOURS BY FISCAL YEAR (1973 - 1982)

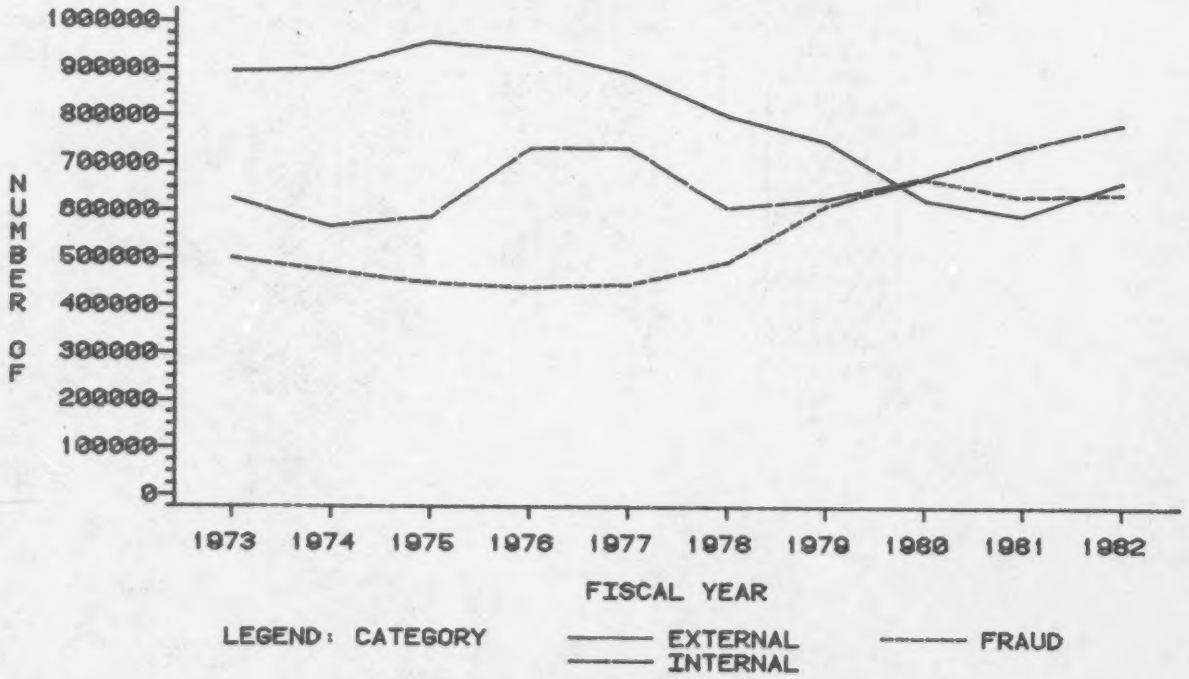


CHART 1-I

U.S. POSTAL INSPECTION SERVICE

INSPECTOR INVESTIGATIVE HOURS
BY FISCAL YEAR (1973 - 1982)

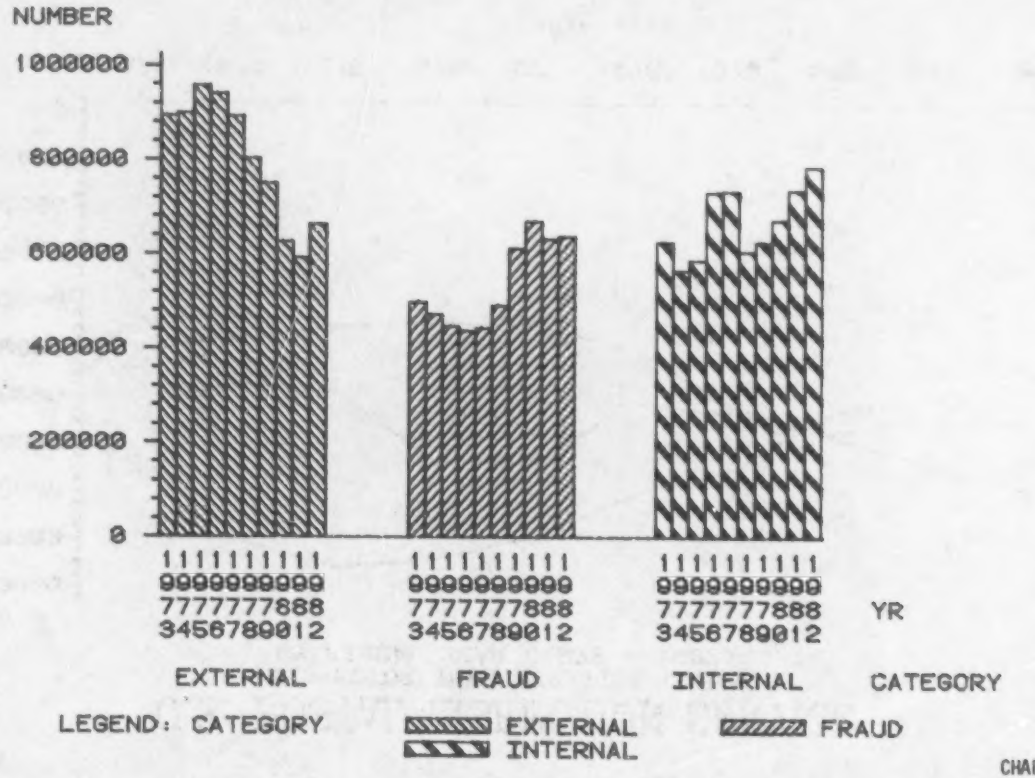


CHART 1-J

U.S. POSTAL INSPECTION SERVICE

INSPECTOR INVESTIGATIVE HOURS
BY FISCAL YEAR (1973 - 1982)

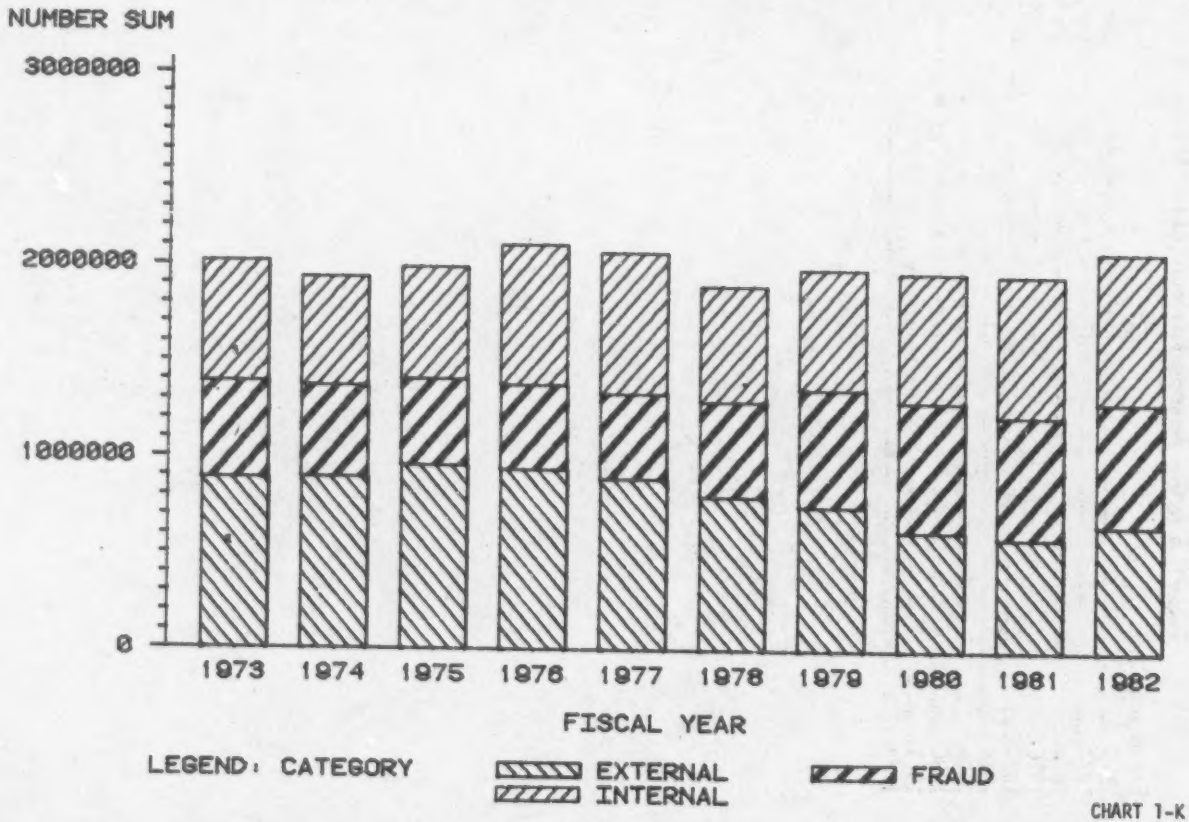


CHART 1-K

RESPONSE TO QUESTION 2

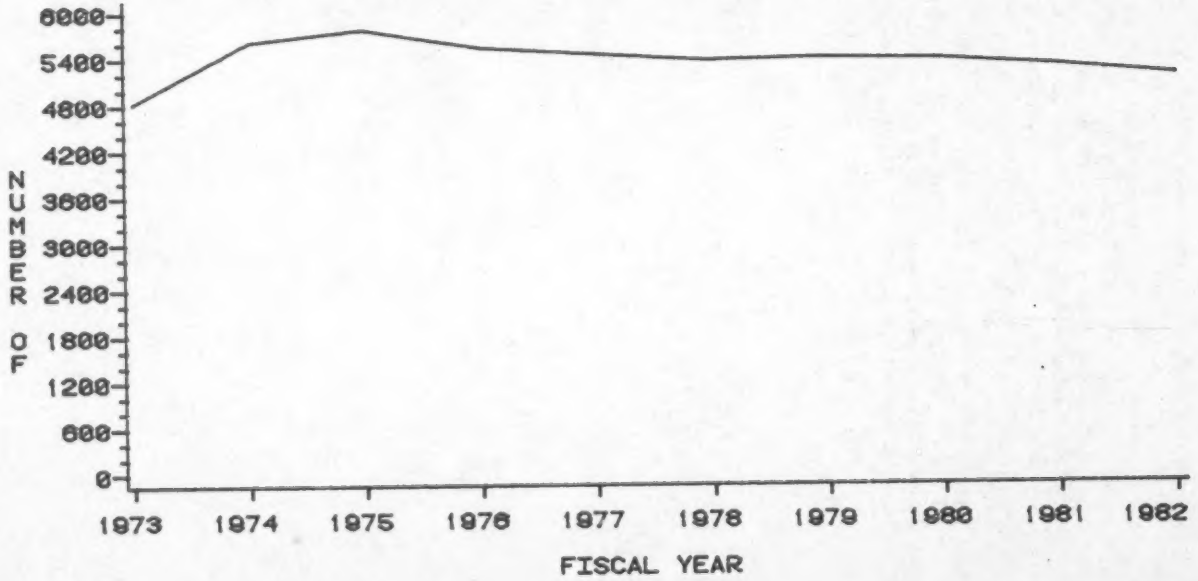
Inspection service personnel onboard at end of fiscal year

Fiscal year	*People*
1973	4,324
1974	5,618
1975	5,774
1976	5,543
1977	5,451
1978	5,366
1979	5,394
1980	5,381
1981	5,285
1982	5,158

21-657 O—83——4

U.S. POSTAL INSPECTION SERVICE

INSPECTION SERVICE PERSONNEL ON BOARD
AT THE END OF FISCAL YEARS 1973 - 1982



RESPONSE TO QUESTION 3

We do not recall receiving any complaints from U.S. Attorneys or other law enforcement agencies regarding failure to investigate violations of postal laws. We have received a few inquiries regarding reduction in Inspector staffing which are enclosed as information. Included with these are letters between the Inspection Service and the U.S. Attorneys for the Eastern and Middle Districts of Tennessee concerning the District Law Enforcement Plans. Also included in this is an article from the September 4, 1982 Memphis Press-Scimitar concerning the Inspection Service, which included comments from the U.S. Attorney for the Western District of Tennessee.

We continually receive letters from U.S. Attorneys and other law enforcement officials commending the Inspection Service and individual personnel in carrying out our law enforcement responsibilities. Only a fraction of these came to the attention of National Headquarters, and attached is a small sample of those.

DEC 2 1982

Mr. William T. Tyson
Director
Executive Office for the
United States Attorneys
U. S. Department of Justice
Washington, DC 20530

Dear Mr. Tyson:

This responds to your letter of October 13, 1982, asking for comments concerning a letter from the United States Attorneys for Montana, Idaho, and the Eastern District of Washington. Their concerns as they relate to our agency deal with the loss of resident Inspectors in their Districts over the past few years.

Our Seattle Division has responsibility for investigating offenses under Inspection Service jurisdiction in these locations. While there has been a slight reduction in resident Inspectors in these districts, we do not believe that it has affected the level of service provided. Our Spokane domicile was reduced from six to three Inspectors, and our Boise domicile was reduced from two to one Inspector.

As general information, there are presently 52 Inspectors assigned to the Seattle Division. These Inspectors have responsibility for investigating matters directly affecting Postal Service operations, as well as crimes affecting or using the mails. Our investigative jurisdictions are prioritized and categorized. In large part these conform to U. S. Attorney prosecutive priorities. In addition, many of our Inspectors are organized into specialized teams so as to be able to more promptly and thoroughly deal with cases which arise.

While Inspectors may be stationed in more populous metropolitan areas, they are responsible for going where the work necessitates. Inquiry has disclosed that frequently in the past two years teams have worked with local Inspectors still permanently assigned to these areas. In addition to responding to requests, Inspectors, as part of their responsibilities, are asked to maintain close contact with law enforcement officials. In checking with our staff, they were unaware of any situation where they have been unable to promptly give attention to an investigation of postal related crimes.

Because we highly value the excellent relationship we have enjoyed with these United States Attorneys' Offices, I have made Inspector in Charge Eric Larson aware of their letter. He would be happy to meet with these United States Attorneys and explain how our team concept operates. Inspector Larson's address is P. O. Box 400, Seattle, Washington 98111. He may be reached by phone at FTS 399-7880 or (206) 442-7880.

Sincerely,

K H Fletcher

K. H. Fletcher

bcc: CRIM, LLRS, non-file 12/7/82

IS630:JSRosenthal:cmd:12/1/82, Revised:CPNelson:cmd:12/2/82

K H Fletcher

Signed by:_____

U.S. Department of Justice

Executive Office for United States Attorneys

Office of the Director *Washington, D.C. 20530*

OCT 13 1982

Mr. Kenneth H. Fletcher
Chief Postal Inspector
U.S. Postal Service
Washington, D. C. 20260

Dear Mr. Fletcher:

Enclosed is a copy of a letter the Department received from the United States Attorneys in the Districts of Idaho, Montana, and the Eastern District of Washington, expressing concern regarding recent actions your agency has taken which, in their view, will adversely impact upon law enforcement in their respective districts. Also enclosed is a copy of our interim response to these three United States Attorneys concerning this matter.

It would be appreciated if you would look into this matter, review the actions taken by your agency, and give the views and concerns of the United States Attorneys full consideration with respect to possible reconsideration or readjustment of any of the actions taken or pending which are causing the concern expressed by the United States Attorneys.

Your comments as to the reasons for actions taken by your agency and your assessment of the impact of such actions upon law enforcement in the districts concerned would be appreciated. Also, any assurances that we can offer the United States Attorneys that their districts will not be adversely impacted by any actions taken by the agency will be most helpful.

Your cooperation is appreciated.

Sincerely,

William P. Tyson
Director

Enclosures

U.S. Department of Justice

Executive Office for United States Attorneys

Office of the Director

Washington, D.C. 20530

OCT 13 1982

Mr. Guy G. Hurlbutt
United States Attorney
District of Idaho
Boise, Idaho 83724

Mr. John E. Lamp
United States Attorney
Eastern District of Washington
Spokane, Washington 99210

Mr. Byron H. Dunbar
United States Attorney
District of Montana
Billings, Montana 59103

Dear Guy, John, and Pete::

On behalf of Mr. Giuliani, I am responding to your letter of September 28, 1982, concerning the shortage of law enforcement personnel in your districts, and the actions by Postal Service, Bureau of Alcohol, Tobacco and Firearms, and the Drug Enforcement Administration which have reduced the number of investigative agents servicing your districts. You feel these actions are adversely affecting law enforcement in your districts.

We are asking each of the agencies which you have mentioned to provide information regarding the actions indicated in your letter. After receiving comments from the agencies, Mr. Giuliani will be prepared to discuss these matters more fully with you either at the United States Attorneys' Conference (Small Offices) in Biloxi, Mississippi, or subsequently if full information has not come available to us by the time of the conference in Biloxi.

As all of you are aware, the efforts of this Administration to get a runaway budget under control is having impact upon all sectors of the government, including law enforcement. All agencies are being required to find more effective, efficient, and productive means of discharging their responsibilities within the resources available. You are not the first United States Attorneys who have voiced similar concerns about actions, taken by investigative agencies, which affect their particular districts.

We both share the concerns of the United States Attorneys in these matters and sympathize with the agencies' problems in meeting their law enforcement commitments within available resources. As we have done in other similar situations, we will ask the agencies concerned to reassess their actions, to make a careful review of the potential adverse law enforcement impact of such actions, and to review their actions with us taking into consideration fully your views and concerns with respect to possible readjustment of some of their decisions.

Thank you for bringing your concerns to our attention. We will be in touch with you later.

Sincerely,

/s/ Bill

William P. Tyson
Director

U.S. Department of Justice

United States Attorney
District of Idaho

Federal Building, Box 037
550 West Fort Street
Boise, Idaho 83724

DEPT
OCT 4 1982
OFFICE OF THE DEPUTY ATTORNEY GENERAL

September 28, 1982

Hon. Rudolph W. Giuliani
Associate Attorney General
of the United States
Room 4119
United States Department of Justice
Washington, D.C. 20530

Re: Shortage of Law Enforcement Personnel

Dear Mr. Giuliani:

We seek your advice and assistance. During the past few months, each of us has become increasingly concerned about law enforcement personnel transfers in our respective Districts. These transfers, particularly by the Drug Enforcement Administration, foreshadow a significant departure from our federal law enforcement goals.

Consolidation of personnel into the more populous areas is not new. Many agents serving our jurisdictions are located elsewhere. For example, a few years ago, the Postal Service had agents located in each of our Districts. A decision was made to regionalize most agents, however, and they were taken away. We now receive service from such locations as San Francisco, Portland, Seattle, and Denver. Another example is the Compliance Branch of the Drug Enforcement Administration. Although these agents do perform investigations for us, it is very difficult to develop and maintain any degree of working relationship on a localized basis.

Coming forward to the present, decisions now in progress by the Bureau of Alcohol, Tobacco and Firearms would take away most, if not all, of the agents now located in our jurisdictions. Already, a decision has been made to close the ATF office in Spokane, Washington. This office serves the Eastern District of Washington, as well as the northern half of the State of Idaho. Both of the involved United States Attorneys have contacted ATF headquarters to protest this decision. As a result, the decision is under reconsideration, but we have received no promises that there will be a change in policy. Interestingly, there apparently has been

no decision on filling in the gap. Therefore, it is conceivable that we will be left with no ATF presence at all in Eastern Washington and Northern Idaho. In the case of Montana, one ATF agent covers the entire District. This is a busy man, to say the least.

Coming closer to home, the Drug Enforcement Administration is now making personnel decisions that we believe adversely affect our federal narcotics programs. At present, one DEA agent remains in Spokane, Washington. Again, he serves not only the Eastern District of Washington, but Northern Idaho as well. In light of a recent decision, the staff located in the State of Idaho has been reduced to two. This brings Idaho into line with the District of Montana, where two DEA agents are expected to fulfill their duties across the entire state.

Naturally, we recognize that agencies such as ATF are not under your direct jurisdiction. We do hope, though, that you will consider helping us in our problems with DEA, which is an arm of Justice. Also, any assistance you can give us to curtail the "agent drain" from our Districts by non-Justice agencies would be deeply appreciated. Frankly, we are getting lonely.

We appreciate that crime in our Districts pales in comparison to that found in the more populous areas and in locations of concentrated narcotics activity. Certainly, forces must be concentrated in those areas to handle a growing problem. Our question is this -- Does the concentration of force require virtual decimation of the enforcement presence in our Districts?

A review of the map will reflect the immense size of our three-District area. Montana stretches for 700 miles from border to border, and encompasses approximately 100,000 square miles. Idaho is only slightly smaller, extending over 500 miles from northern to southern border. The Eastern District of Washington is similar in proportions.

Since we were appointed to office, we have been discussing Department of Justice policies in the area of firearms and narcotics with members of our Law Enforcement Coordinating Committees and with the enforcement community generally. We passed along the Attorney General's intent to deal more frequently and directly with illegal firearms activity. (See, Memorandum from D. Lowell Jensen, Assistant Attorney General, Criminal Division, to all United States Attorneys, regarding Consideration of Violent Crime and District Law Enforcement Plans at page 5.) We have explained the working relationship planned for the FBI and DEA in federal narcotics enforcement. The understanding is that the FBI will supplement, not replace, DEA's expertise. However, given present and planned manpower and funding for DEA in

our Districts, it is apparent that the FBI had better be prepared to assume the primary, if not the exclusive, role in complex narcotics investigations.

Although we do not have the volume of high level narcotics activity found in other Districts, we do definitely have a growing problem that needs to be addressed. We are convinced that each of our Districts contains high level dealers.

Already, some investigations are beginning to stall for lack of DEA personnel and funding. Although the FBI in our area is working hard and doing an excellent job, it must be recognized that they (1) do not have the expertise possessed by DEA, (2) do not have the working relationship in the area of narcotics with state and local narcotics officials, (3) do not yet have the authority to allocate money for drug purchases, and (4) do not have certain powers, such as the regulatory authority for civil forfeiture under 21 U.S.C. 881.

In summary, our Districts are taking a beating in the area of narcotics enforcement. Perhaps it is unavoidable, but we are not convinced. Your assistance and advice will be deeply appreciated. All of us are willing to meet with you personally in Biloxi, Mississippi, or in Washington, D.C., to further discuss the problem, and we are willing to furnish facts, figures and anything else that may assist you in reviewing our situation.

Yours very truly,

Guy G. Hurlbutt

GUY G. HURLBUTT
United States Attorney
District of Idaho

for JOHN LAMP
United States Attorney
Eastern District of Washington

Byron H. Dunbar

BYRON H. DUNBAR
United States Attorney
District of Montana

lc

October 28, 1982

Honorable William A. Kolibash
United States Attorney
Northern District of West Virginia
Post Office Box 591
Wheeling, WV 26003

Dear Mr. Kolibash:

This relates to your letter of October 1, 1982, bearing on our decision to close the Clarksburg, West Virginia, Postal Inspector's domicile. I appreciate your concern and assure you that the decision was not made lightly or without the consideration of all available alternatives.

Our experience over the last five years clearly demonstrates that from an operational as well as an efficient standpoint we can provide a more consistent level of service to U.S. Attorneys and ultimately Postal Service customers by the assignment of investigative personnel to selected concentration points. In this way, we have been able to more effectively focus on major crimes and improve response capabilities through our team effort. As a result, many smaller offices, such as Clarksburg, have been closed.

For the past several years Clarksburg has been used primarily for the initial assignment and development of newly appointed generalist Inspectors. The majority of significant and complex investigations have been assigned to specialist Inspectors from either Pittsburgh or Charleston. This will continue.

You have our pledge that this action will in no way diminish our commitment or capability to the pursuit of postal violations in the Northern District of West Virginia.

We look forward to a continuation of the excellent rapport existing between your office and the Postal Inspection Service.

Sincerely,

K. H. Fletcher

K. H. Fletcher

IS 700 CRClauson/sdn

Signed by; K. H. Fletcher

United States Department of Justice

UNITED STATES ATTORNEY
Northern District of West Virginia
Post Office Box 591
WHEELING, WEST VIRGINIA 26003

TELEPHONE:
(304) 232-4026
FTS 923-1042

IN REPLYING REFER TO

WAK/jam

October 1, 1982

Mr. Ken Fletcher
Chief Postal Inspector
L-Elfant Plaza
Washington, D. C. 20260

Re: Postal Inspector, Clarksburg, West Virginia

Dear Mr. Fletcher:

I have received the extremely disturbing news that the Postal Inspection Service has decided to close the Postal Inspector's Office which is located in Clarksburg, West Virginia. Since the Postal Inspector is the only federal law enforcement officer physically located in Clarksburg, West Virginia, I feel that the closing of the office would have a detrimental effect upon the enforcement and deterrents of crime in the Clarksburg area. In addition, the Inspection Service is able to cover many rural areas out of the Clarksburg office in which a considerable number of postal related crimes have occurred. This enforcement would be lost if the office were closed. The nearest available office would be in either Pittsburgh, Pennsylvania or Charleston, West Virginia, and because of the geographical distances involved, I do not feel that the immediate attention given to the various postal offenses in central West Virginia would be available from those offices.

The Postal Inspectors who have staffed the Clarksburg office, have been very successful in investigating cases involving career type criminals in the central West Virginia area. As a result of their efforts, a large number of these career criminals who have flaunted State law, have been convicted and imprisoned under Federal laws enforced by the Postal Inspection Service. Again, without their presence in the area, this type of enforcement would be lost.

I am aware that all federal agencies are under a mandate to cut necessary expenditures. However, I do not believe that the staffing of the Clarksburg Postal Inspectors Office is an unnecessary expenditure, and I believe that this is verified by the information set forth above.

Accordingly, I would request that you reconsider the decision to close the Clarksburg, West Virginia office. If you need any additional information or desire to discuss the matter further, please feel free to contact me.

I thank you in advance for your cooperation in this matter.

Very truly yours,

William A. Kolibash

WILLIAM A. KOLIBASH
United States Attorney

United States Department of Justice
UNITED STATES ATTORNEY
DISTRICT OF DELAWARE
5001 FEDERAL BUILDING – 844 KING STREET
WILMINGTON, DELAWARE 19801

TELEPHONE
302-573-6277

FTS
487-6277

October 29, 1982

Kenneth H. Fletcher
Chief Postal Inspector
U.S. Postal Service Headquarters
Washington, D.C. 20260

Re: Postal Inspectors Located
in the District of Delaware

Dear Mr. Fletcher:

Our office has recently learned of the decision of the United States Postal Service to remove the only remaining Postal Inspector position which is physically located within the confines of the State of Delaware. We feel that such a decision evidences a total lack of sensitivity to the needs of the citizens of the State and an abandonment of the enforcement of the Federal postal laws in this District.

Up to several years ago, our office was fortunate enough to work with two excellent Inspectors, whose assignments were divided between fraud investigations and other postal violations. A decision was subsequently made that the fraud investigations would be handled by an Inspector located out of the Philadelphia, Pennsylvania office. The one remaining Inspector would continue to do mail violations and assist in internal investigations of the Post Office.

Since that time, we have noticed a decline in the number of cases which are brought to our office by the Postal Inspection Service and a decline in the priority given to cases developed in our District. This is not to say that there are not dedicated Inspectors who have attempted to cover violations occurring within the State of Delaware as effectively as they can under the circumstances. However, this area has grown increasingly more difficult when the area they are asked to cover also includes Philadelphia and its surrounding counties.

INSPECTION SERVICE
GI
ACI-ADM
ACI-AUD
ACI-ENF
LEGAT

Experience has dictated to us that once a Federal law enforcement agency removes itself physically from a State, the prior contacts and relationships which have been developed with the local police and other Federal law enforcement agencies soon decline. Although I am sure your agency will continue to make itself available to assist local law enforcement officials, the reality of the situation is that they will not normally call Philadelphia to request help. I am sure it is hard to realize the invisible barriers which prevent such contact, but I assure you that the predictions made above will materialize in years to come if changes are not forthcoming.

Although our State is small, if all investigations are transferred to the Philadelphia office, it would take an Inspector nearly three and a half hours to travel to the end of his jurisdiction in Delaware. Having one agent in Wilmington was very difficult at times, but taking all the Inspectors away will create an intolerable situation.

We would like to have the opportunity to discuss the contents of this letter with you so that you will have the opportunity to explain how your agency intends to serve the citizens of this State to enforce effectively the laws involving postal violations.

Your attention to this matter will be greatly appreciated.

Sincerely yours,

Joe Farnan

JOSEPH J. FARNAN, JR.
United States Attorney

JJF,JR:vpd

cc: Jacob E. Rahming
Postal Inspector-in-Charge
U.S. Postal Service
P.O. Box 7500
Philadelphia, Pennsylvania

CHIEF POSTAL INSPECTOR
Washington, DC 20260

DISTRIBUTION	ACTION	FILE	DATE
RC:			
ARC-Inv	✓		
ARC-Ad Ins			
ARC-Criminal			
Sr. Secretary		✓	
Suspense Date			

November 5, 1982

Mr. Joseph J. Farnan, Jr.
United States Attorney
United States Department of Justice
5001 Federal Building, 844 King Street
Wilmington, DE 19801

Dear Mr. Farnan:

I have received your letter of October 29, 1982, regarding the closing of the Wilmington, Delaware domicile. Decisions on the intra-Regional deployment of Postal Inspectors are made by the Regional Chief Inspectors. I have referred your letter of Jacob Rahming, Acting Regional Chief Inspector-Eastern Region, and requested that he set up a meeting with you to discuss your concerns.

Sincerely,

K. H. Fletcher

K. H. Fletcher

✓ bcc: Regional Chief Inspector
Eastern Region

Done 11/22/82.
w/ very satisfactory
results.
KHF

Interview "US Atty - DELAWARE

ARRESTS

DELAWARE

FY 81

	Team/Specialist	Local Inspector
Federal	2 (1 ITL - 1 F)	0
State	2 (both PM/C Porn)	0
	4	0

Met w/USA 11/22/82. Good meeting. He is satisfied

FY 82

	Team/Specialist	Local Inspector
Federal	8 (6 F - 1 ITL - 1FD)	1 (ECMT)
State	0	5 (1 ECM - 3 ECMT - 1 FD)
	8	Misc M.Theft

Local Delaware telephone number than rolls over to Philadelphia.

INSP STILL ASSIGNED the work territory as before. Will spend most of his time in the territory except for case discussion w/his supervisor - preparation of reports, expense vouchers, activity summaries, etc.

Still has an office in Wilmington SCA and a local phone no which rolls over to Phila to give 24 hr answering service.

Consolidating clerical needs into a larger pool via a word processing center already in place in Phila, giving up unneeded office space in Wilmington, a steno/secretary.

Should give better service to Wilmington + the State of Del because now his investigations will be supervised and he will have available the services of a team for those cases, the supervisor feels a need for more concentrated attention.

I will return to Phila as I in C in late Dec and will respond positively to any shortcomings.

The Inspector still assigned the Wilmington Territory as before. Will spend most of his time in the territory except for case discussions with his supervisor and preparation of reports, expense accounts, activity summaries, etc.

Still has an office in Wilmington SCF and a local phone number which rolls over to Philadelphia to give 24-hour answering service.

Consolidating clerical needs into a larger pool via a word processing center already in place at Philadelphia, giving up unneeded office space in Wilmington, a Steno/Secretary.

Should give better service to Wilmington and the State of Delaware because now his investigations will be supervised and he will have available the services of a team for those cases the supervisor feels a need for more concentrated attention.

I will return to Philadelphia as Inspector in Charge in late December and will respond positively to any shortcomings Farnan or any other law enforcement people discover.

[The above is a transcription of the longhand notes of Jacob Rahming, Regional Chief Postal Inspector, Eastern Region, which appear on the preceding page.]

DEC 2 0 1982

Mr. William P. Tyson
Director
Executive Office for U.S. Attorneys
Department of Justice
Washington, DC 20530

Dear Mr. Tyson:

The District Federal Law Enforcement plan for the Middle District of Tennessee, has been reviewed. The plan is well coordinated and offers a realistic approach for meeting the law enforcement problems of each District.

I am attaching a copy of a letter sent to the United States Attorney, Middle District of Tennessee, by Postal Inspector in Charge M. A. Gump of our Memphis Division. The letter outlines his exceptions to the phraseology used on pages 11 and 21 regarding Postal Inspectors' staffing in the Middle District. I concur with Inspector in Charge Gump's remarks.

I understand the letter to the U. S. Attorney was not received in time for the proposed Plan to be revised. Hopefully, the final version will reflect Inspector Gump's comments.

Sincerely,

C. P. Nelson

C. P. Nelson
Assistant Chief Inspector
Criminal Investigations

cc: Regional Chief Inspector
Southern Region

bcc: Desk File, Subject File, Liaison File, Circulation File,

IS620:RWGeffen:dhh:12/14/82 (RWG/07/William)

Signed by C. P. Nelson

OFFICE OF THE INSPECTOR IN CHARGE
Memphis, TN 38103-8001

November 30, 1982

Honorable Joe B. Brown
U. S. Attorney
Middle District of Tennessee
879 U. S. Court House
Nashville, TN 37203

Dear Mr. Brown:

I have read the most recent draft of the proposed Federal Law Enforcement Coordinating Committee Plan for the Middle District of Tennessee which was included with the minutes of the LECC meeting held on October 22, 1982. Overall, I believe it is comprehensive and reflects an accurate assessment of the priorities of the Middle District, as identified at the various LECC meetings.

However, I do not believe the comments on pages 11 and 21, regarding Postal Inspector staffing in the Middle District, are accurate. As Regional Chief Inspector R. N. Moore advised you in your meeting with him on October 13, 1982, our current staffing in Nashville (nine Inspectors) is within one of our maximum staffing ever at that domicile (10 in FYs 80 and 81).

Specifically, with regard to our mail fraud staffing, we established a Fraud Specialist position in Nashville in 1976 and retained that assignment through the end of FY 82. Our records reflect that mail fraud presentations in your District for the past five fiscal years have been fairly consistent. As I previously advised you, our FY 83 staffing includes two Fraud Specialist positions at Nashville, both of which have been filled. Inspector B. A. Kilgrow is an attorney who holds BAR Certification in Tennessee and is experienced in mail fraud. Inspector M. S. Alley has eight years experience as a Postal Inspector. As soon as they can sell their current residences and complete their relocation to Nashville, we will have two full time Mail Fraud Specialists assigned in the Middle District.

Our staffing records also reflect that we have had one External Crimes assignment in Nashville for at least the past ten fiscal years. The reduction in presentations occurring between FY 79 and FY 80 was primarily the result of the

21-657 O—83——5

implementation of a new Inspection Service National Policy to give more attention to higher priority investigations (i.e., armed robberies, vehicle attacks, gang operations) versus single check complaints. The reduction in presentations that you have seen the last year was primarily due to the time lag necessary to fill the vacancy early in the fiscal year and then the necessary assignment of Inspector Hill to the Nashville bomb investigation. In FY 83 we have reduced the geographic area covered by Inspector Hill's assignment and as a result expect to see a substantial increase in external mail theft presentations made to you in the Middle District.

As information, I have also assigned Inspector C. S. McCraven, a recent graduate of our Basic Training School, to Nashville. As soon as his post-basic training is complete (approximately six months), he will begin working miscellaneous cases in the Middle District, which should also result in an increase in presentations to you.

Considering the consistency of our mail fraud and external crimes staffing in Nashville for the last seven fiscal years and the staffing changes outlined above to better enable us to handle the workload in the Middle District, I would hope that the final LECC plan you submit on January 1, 1983, is amended to more accurately reflect that changes in the Postal Inspection Service investigative priorities have resulted in fewer cases being presented to your office for prosecutive consideration, as opposed to the language currently contained on pages 11 and 21.

I look forward to seeing you at the next LECC meeting on January 21, 1983.

Sincerely,

M. A. Gump
Inspector in Charge

rural areas should maintain a strong program of enforcing interstate property violations.

The Secret Service will maintain a strong policy of prosecuting stolen Government obligations. Unfortunately, due to the staffing cuts, the increasing demand upon local Secret Service agents for long details to protection assignments, and the drastic cut-back by the Postal Service in the numbers of inspectors assigned to mail fraud and external theft cases, the federal presence in this area has been greatly lessened rather than strengthened in the past three years. Appropriate liaison through the Economic Crime and White Collar Crime Subcommittees of the Law Enforcement Coordinating Committee would attempt to develop additional resources to work these violations.

Arson for profit is a growing problem, and the Bureau of Alcohol, Tobacco and Firearms continues to assist state and local agencies in their investigations. With the passage of legislation amending 18 U.S.C. § 844, ATF can be even more effective in this area.

The U.S. Department of Labor, Labor-Management Services Administration, anticipates staff increases which will better enable it to investigate embezzlement from labor organizations and pursue prosecution in order to remove and bar from office in labor organizations those persons who engage in criminal conduct.

F. Organized crime

There appears at this point to be little formal, organized crime prevalent in the Middle District of Tennessee.

county and one or two local police officers. The Tennessee Highway Patrol's jurisdiction is primarily restricted to traffic enforce-ment and it does not have significant state-wide criminal jurisdiction. Because of this, the state efforts on crimes that cross county lines is fragmented and investigations are often faced with a lack of resources or manpower.

Because of the large number of corruption cases which have been investigated over the past years, there has been some sensitivity that federal agencies have not adequately shared information with state agencies. We believe that this particular problem is rapidly resolving itself through closer cooperation and coordination between the agencies.

The strategy for dealing with a lack of resources is not simple. The federal agencies themselves are often severely handicapped by lack of resources and manpower. The number of postal inspectors assigned to mail fraud and external theft has been substantially reduced over the past years and their cases are so backlogged at the present time, they are able to work only the most significant cases. The Secret Service locally, likewise, has lost agents over the past several years and has also been faced with lengthy assignments of agents to protective details, both of which factors cause some delay in the working of criminal cases. The Drug Enforcement Agency has likewise been severely understaffed and will undoubtedly remain so for the foreseeable future. The Federal Bureau of Investigation in the Middle District of Tennessee has been one of the most significant agencies because of its manpower. However, the F.B.I. has continued

MEMORANDUM FOR THE RECORD

VISIT AND DISCUSSION WITH JOE B. BROWN, UNITED STATES ATTORNEY, MIDDLE DISTRICT OF TENNESSEE.

On Wednesday, October 13, 1982, I visited the Nashville, TN, Domicile and discussed Inspection Service dealings with the U. S. Attorney's Office with Inspectors Arnold Bell, Fraud; John Lingle, Internal Thefts; and Dave Hill, External Crimes. These Inspectors assured me that the U. S. Attorney's Office was very prosecutive-minded when it cameto postal violations. Only in a few isolated instances had the Inspectors encountered any difficulty with the U. S. Attorney's Office, and those being with individual Assistants and never with the U. S. Attorney himself. In two instances during the past year, two internal theft violators, old-time Postmasters, were given pre-trial diversion; and while the investigating Inspector was a little upset, a review of the cases appeared to me to be very appropriately handled by the U. S. Attorney's Office. Inspection Service statistics disclosed that for FY 1982 we had presented formally eleven cases and informally two, and received prosecution in eleven of the thirteen instances with two cases still pending.

Fortified with historical staffing and prosecution data, I met personally and privately with U. S. Attorney Brown. He, too, had developed prosecution data, which disclosed that since calendar year 1976 wherein he prosecuted 107 offenders on 51 separate postal matters. The numbers had declined steadily down to calendar year 1982 to date, ten offenders on nine separate matters. He explained that he was very prone to prosecute postal matters, particularly those dealing with mail fraud and the violent crimes, as well as mail theft. Our program management system and policy statements relating to our various investigative areas were thoroughly explained to Mr. Brown. He advised he had no problem with our policies, but complained that our staffing in the Middle District had dwindled to the point where we were not presenting our share of the cases consistent with his proposed federal law enforcement plan for the district.

The present staffing at Nashville consists of eight, one Inspector in each of the codes with the exception of audit,which we have four audit assignments at Nashville. Mr. Brown has seen in the past year or so a change in five of the assignments and the Inspector personalities. Career Path was only involved in two of the five changes, but probably caused the other three Inspectors to seek other employment.

The proposed changes for FY 1983 staffing of Nashville area include an increase of one plus a realignment of the criminal assignments which should cause more cases being presented to Mr. Brown. For the past eight or nine months, the Inspector in the external crimes assignment has been detailed to the bomb investigation and the Code 03 assignment detailed to the narcotics task force. With the transfer of Arnold Bell, Mr. Brown sees a tie up of all of the criminal investigating Inspectors with the exception of the internal theft. Mr. Brown was promised that Mr. Bell would be replaced and, in addition, a second fraud assignment is being made based upon the workload available in the Middle and Eastern Districts of Tennessee at Nashville. All of the proposed staffing changes were thoroughly explained

to Mr. Brown who concluded that he would believe them when the people were actually aboard and presenting cases to him.

It is true that significant staffing changes have taken place in Nashville; and now with the transfer of Arnold Bell, Mr. Brown sees the last Inspector with whom he has had a long association leaving the office. While he made a very compassionate personal plea for leaving Inspector Bell in Nashville, he did state he understood our Career Path Policy after my explanation, but concluded by stating that we should consider staffing based upon where we can get violations prosecuted.

The entire meeting with Mr. Brown was very amicable and I think concluded on a high note with him willing to wait and see how our staffing materializes before giving any of our cases to other agencies. In discussing mail fraud, for example, Mr. Brown did state he was willing to prosecute in his district a work-at-home offender in San Antonio who has plagued us for sometime now, who is moving about, changing boxes each time we get an administrative stop order. U. S. Attorney in San Antonio has finally agreed to consider criminal prosecution; but in the event he does not, Mr. Brown will prosecute with only two victims presently identified in his district. I believe that a certain amount of placation is in order with Mr. Brown in view of his willingness to take all postal crimes occurring in his district as well as accepting venue matters such as the case just mentioned.

I believe Mr. Brown was appreciative of the visit and is now more knowledgeable about the Inspection Service's Programs and Career Path Policy.

R. N. Moore
Regional Chief Inspector

September 24, 1982

FTS: 852-5151
615/251-5151

Mr. Joe B. Brown
United States Attorney
Middle District of Tennessee
879 United States Courthouse
Nashville, TN 37203

Dear Mr. Brown:

I have received your letter of September 20, 1982, which continues our dialogue regarding Inspector staffing in the Middle District of Tennessee. I apparently misunderstood the focus of your letter of August 10, 1982, as primarily concerning the transfer of Inspector Bell from Nashville, Tennessee. Your most recent letter outlines concerns which I consider appropriate for further discussion. Accordingly, I have asked Mr. R. N. Moore, Regional Chief Inspector-Southern Region, to review your letter and schedule a meeting with you for such a discussion.

Sincerely,

K. N. Fletcher

IS 700 CRClauson/sdr 09-24-82

Signed by:

U.S. Department of Justice

United States Attorney
Middle District of Tennessee

879 United States Courthouse
Nashville, Tennessee 37203

September 20, 1982

Mr. E. H. Fletcher
Chief Postal Inspector
United States Postal Service
Washington, D.C. 20260

Dear Chief Inspector Fletcher:

We are in receipt of your letter of September 15, 1982, in answer to my letter of August 10, concerning the problems of reassignment and staffing levels in the Middle District of Tennessee by the Postal Inspection Service.

I have discussed this matter with Inspector Moore's office and I am not satisfied with the responses given to date. The Middle District of Tennessee has always taken great pride in prosecuting mail-related cases, and I believe that our statistics will bear out the number of cases that have been prosecuted involving mail fraud and theft over the years.

We simply do not believe that the Middle District of Tennessee is being staffed adequately to carry on the job. The cases being referred to my office by the Postal Inspection Service have dropped dramatically in the last several years. When Nashville loses an inspector, we always receive assurance that there will be more assigned. Quite frankly, I have received a lot of promises and very little action in this matter.

If it comes to the point that I cannot count on the Postal Inspection Service to provide the service to which we are accustomed, we will simply look to the F.B.I. to handle fraud cases, the Secret Service to handle many of the theft cases, and the State authorities to handle non-federal check cases.

In short, I disagree with your assessment that the Middle District of Tennessee is receiving either appropriate attention or effort at the present time.

Sincerely,

JOE B. BROWN
United States Attorney

cc: Mr. R. M. Moore
Regional Chief Inspector
Southern Region
U.S. Postal Service
1407 Union
Memphis, TN 38161

Mr. William P. Tyson
Executive Office for U.S. Attorneys
Room 1619, Department of Justice
Washington, D.C. 20530

Honorable William F. Bolger
Postmaster General
475 L'Enfant Plaza
Washington, D.C. 20260

September 15, 1982

Mr. Joe B. Brown
United States Attorney
Middle District of Tennessee
879 United States Courthouse
Nashville, TN 37203

Dear Mr. Brown:

This letter is in response to the concerns you expressed in a letter to me dated August 10, 1982, regarding the transfer of Postal Inspector Arnold Bell. I am certainly pleased with your impressions of Inspector Bell during his brief assignment at Nashville. Inspector staffing levels are a result of our in-depth budget process. Our goal is to provide a consistent level of service nationwide in support of our program objectives. This sometimes requires that Inspectors be moved from one area or assignment to another.

As you stated in your letter, the problems of running a national organization transcends any single jurisdiction or geographical area. If we are to carry out our mission, our resources must be assigned in a consistent manner based on the priorities of our national programs. I know you have discussed your concerns with Regional Chief Inspector R. N. Moore and I think his response sums up our position on this issue. Namely, that the Inspection Service will continue to provide your office with the high level of expertise you have come to rely on, and I assure you matters requiring our investigation will receive appropriate attention and effort.

Sincerely,

C. R. Clauson

for K. H. Fletcher

IS 704 TDagley/CRClauson/sdn 09-15-82

Signedby: C. R. Clauson

Department of Justice

United States Attorney
Middle District of Tennessee

879 U.S. Courthouse
Nashville, Tennessee 37203

August 10, 1982

Mr. K. H. Fletcher
Chief Inspector
Inspector General's Office
Washington, D.C. 20066

From the Desk of th. Inspector in Charge
Date: 8-12-82

	Action	Sig
AIC - Audit		
AIC - EC		
AIC - F&PM		✓
AIC - IT/S		
AO		
IHC Secretary		
Desk		
File	Suspense	

Dear Chief Fletcher:

I have just been advised that Postal Inspector Arnold Bell is being transferred from the Nashville Postal Inspector's office to New York in the near future.

Inspector Bell has been in the Nashville area approximately two years and has rapidly become familiar with the local situation and is presently involved in several major postal investigations. The most critical of these investigations involves the mayor of Smyrna, Tennessee, Mr. Sam Ridley. Inspector Bell has been working on this case for the past year and it is presently in a very critical stage and we anticipate that an indictment will be returned in the case. It will undoubtedly involve a protracted trial.

To have Inspector Bell moved from this area will have an extremely adverse affect on this important public corruption prosecution case.

Because of the shortage of inspectors in the Nashville office, Inspector Bell has been involved in almost all of the significant cases being prosecuted here. His transfer will have a severe affect on the effectiveness of the Postal Inspection Service in the Nashville area for a substantial period of time.

In my judgment, the Nashville office has been understaffed with inspectors for approximately the last five years. We have seen the transfer of several inspectors, such as Inspector Compton, Inspector Burns and Inspector Reeves within the past eighteen months from the district. Because of this high turnover and the need for an inspector to become familiar with his territory, the effectiveness of the inspection service has been somewhat diminished.

After twenty years of active and reserve military duty and twelve years as an assistant United States Attorney and as United States Attorney, I realize there are personnel problems which transcend any single jurisdiction and that you must make your decisions based upon the need of the service as a whole. However, I must point out in the clearest terms possible that I feel that the transfer of any inspectors and particularly Inspector Bell from the Nashville area at the present time will have a serious adverse impact on enforcement of the postal laws in the Middle District of Tennessee.

We desperately need more, not less, experienced investigators in this area.

If you need additional details or specifics on the adverse impact on this district, please contact me and I will furnish them immediately.

Sincerely,

JOE B. BROWN
United States Attorney

JBB/pww

cc: Mr. Michael A. Gump
Postal Inspector in Charge
Postal Inspection Service
P.O. Box 3180
Memphis, Tennessee 38103

DEC 0 4 1981

Mr. Joe B. Brown
United States Attorney
Middle District of Tennessee
879 U.S. Courthouse
Nashville, TN 37203

Dear Mr. Brown:

I was very pleased to receive your letter dated November 17, 1981, concerning the performance of Inspectors A. S. Bell, Emmett Burns, W. B. Reeves, and Document Analyst David S. Moore. It is always gratifying to receive comments from other agencies whereby our personnel have been of assistance in cases of mutual interest. Your comments are being made available to the above individuals' supervisors and to each of them personally.

In regard to your comments relating to the pending transfers of Mr. Reeves and Mr. Burns, they are, in fact, being transferred to other areas within the Inspection Service. Mr. Burns' transfer was approved based on his request, and Mr. Reeves is being transferred because of the need for more experienced Inspectors in another area. I agree with your comments that both of these Inspectors are valuable assets, and it is because of their experience and expertise that they are being transferred. We will continue to staff the Nashville office with qualified Inspectors, and if at any time you feel you are not getting the necessary assistance to handle the workload in your area, please let me or the Inspector in Charge at Memphis know of your concern. We continually make efforts to assure that our human resources are deployed as equally as possible from an experience and expertise level throughout the country.

Again, I wish to express my appreciation for your comments regarding the services of our personnel and look forward to continuing our relationship with your office.

Sincerely,

(Signed) R. N. Moore

R. N. Moore
Regional Chief Inspector

cc: Inspector in Charge
Memphis, TN 38103-8001
ARCI - Criminal
Director, Crime Lab

U.S. Department of Justice

United States Attorney
Middle District of Tennessee

879 United States Courthouse
Nashville, Tennessee 37203

November 17, 1981

Mr. R. N. Moore
Regional Chief Inspector
United States Postal Service
1407 Union Avenue-10th Floor
Memphis, TN 38161

Dear Inspector Moore:

We have just completed a four day mail fraud case against Claude Cockrell, Jr. Mr. Cockrell was charged with 10 counts of defrauding various companies throughout the nation in an excess of $30,000 in goods and services. Mr. Cockrell has a criminal record extending back over 10 years and has been one of the most notorious con-men in Nashville for the past five years.

The case was worked by Postal Inspector A. S. Bell, who was ably assisted by Inspectors Emmett Burns and W. B. Reeves. The crime laboratory did extensive handwriting analysis in the case and document analyst, David S. Moore, testified concerning his findings in this case. Due to developments occurring late in the case, it was necessary to request Mr. Moore to return on Veteran's Day to conduct additional examinations. Mr. Moore was an extremely capable witness and his testimony had an obvious affect on the jury. His willingness to return to do additional examinations was greatly appreciated. It is the exceptional expertise of analysts such as Mr. Moore that makes prosecution of defendants such as Mr. Cockrell a much easier task. Mr. Bell, as well as Mr. Reeves and Mr. Burns, worked weekends, holidays, and a tremendous amount of extra hours in order to assist me in presenting this case to the jury. Their work resulted in a conviction in all 10 counts. Chief Judge Morton also revoked the defendant's bond following the conviction and we anticipate a substantial sentence for this man. I would like to extend my accomodation to all of these inspectors and the analyst for a job exceedingly well done.

Mail fraud is one of those economic crimes that cuts at the heart of our system of respect for law and order, and I believe that additional mail fraud cases should certainly be presented and vigorously prosecuted. As long as we have inspectors such as those presently assigned to the Nashville office, and the facilities of the lab available, I believe we will be able to continue to do so.

[redacted] advised that Mr. Reeves and Mr. Burns may be transferred in the near future. As U.S. Attorney, I understand the needs of inspectors in other areas, however, it takes a considerable amount of time for an inspector to become familiar with a territory, and these two men have been invaluable in prosecuting cases in this district. I would certainly hate to lose them since [redacted] those who are available at the present time. Mr. Reeves, in particular, is a valuable asset and I have worked with him on numerous cases over the past several years. If there is anyway that he could remain in Nashville to continue his fine work, I would certainly appreciate it.

In any case, I do wish to express my sincere appreciation for the outstanding service rendered by the Postal Inspection Service in this case.

Sincerely,

JOE B. BROWN
United States Attorney

JBB/plg

RECEIVED
NOV 1981
REGIONAL CHIEF INSPECTOR
SOUTHERN

U.S. Department of Justice

United States Attorney
Eastern District of Tennessee

6/25/82

INC-MEMPHIS
'82 JUN 23 A8:28

Post Office Box 872
Knoxville, Tennessee 37901

June 17, 1982

From the Desk of the Inspector in Charge		Action	Info
Date: 6/23/82			
AIC - Audit			
AIC - EC			
AIC - F&PM		✓	
AIC - IT/S			
AO			
INC Secretary			
Due:			
File	Suspense		

Let discuss

Mr. Michael A. Gump
Postal Inspector in Charge
Office of the Inspector in Charge
Memphis, Tennessee 38103-8001

Dear Mike:

AIC Title Postal Inst -

Thank you for your response to the draft of the District Law Enforcement Plan (DLEP). I certainly in no way intended to imply that you all were not investigating white collar crimes and that there was any deficiency on your part not to cooperate. In fact, my friend Hickman Ewing says that you all do a much better job than the FBI in these areas. What I did mean to indicate was that there has been no general effort to coordinate activities between you all, the FBI and the IRS in some of the major areas of white collar crime in this district. I will certainly modify the language so there can be no misunderstanding in that area.

I am, however, concerned to some degree as to how much assistance you can be to us as apparently those agents handling major mail fraud type cases are not stationed in Knoxville, and I am not sure what responsibility to the agents stationed in Chattanooga have. It might help if you would clarify this for me. I realize one of the reasons that your office in this district was cut back was that this office had not been as aggressive as it should have been in prosecuting these types of offenses; however, I assure you that this is changing and any assistance you can give me in that area would be greatly appreciated.

Thanks again for your interest and support.

Very truly yours,

JOHN W. GILL, JR.
UNITED STATES ATTORNEY

JWGjr:djr

[From the Memphis Press-Scimitar, September 4, 1982]

Reaching Out Against Fraud in the Mails

(By Henry Bailey)

Rain, shine, sleet or snow cannot stay mail couriers from the swift completion of their appointed rounds, the saying goes, but a postal inspector can—if he catches a mail courier stealing from the stacks.

Employees aren't the only ones who come under scrutiny of the "silent investigation service" which has investigated mail theft and abuse since George Washington's day. While inspectors are responsible for mail protection and internal security, it is mail fraud which has garnered the most attention.

"The mail fraud statute is our bread-and-butter statute," said U.S. Attorney W. Hickman Ewing Jr., the chief federal prosecutor for the 21-county Western Division of Tennessee.

Memphis area prosecutions, with the help of the postal inspection service, have led to major convictions:

Postal investigators cleared a paper trail with charts and documents that the jury apparently had no problem following in the case against former state Rep. Emmitt Ford. Ford was sentenced in January 1982 to serve 20 months and pay a $5,000 fine following his conviction on charges he conspired with his wife to cheat 29 insurance companies out of benefits on a 1977 hit-and-run accident. (Ford's sentence recently was reduced by U.S. District Judge Harry Wellford to 8 months; Ewing, whose office protested earlier motions by Ford for a revised sentence or relocation, said he would lodge an objection.)

Mrs. Ford received a one-year suspended sentence and was ordered to do four hours of community service work each week for a year.

The postal inspector's office, which maintains its regional base in Memphis, spearheaded the case against former Sevier County (Ark.) Judge B.A. Mauldin, who will be sentenced Aug. 23 by a federal judge. Mauldin is one of 20 former or current county judges indicted in a series of kickback cases. Eighteen judges have been convicted or have pleaded guilty.

A jury last month found Mauldin, 63, a county judge from 1969 through 1979, guilty of mail fraud and aiding and abetting mail fraud. The ex-judge said he took a belt buckle and a bottle of wine from James S. Rose of Fulton, Tenn., but never took money from Rose or from Louis Robert Spilka of Germantown.

A mail fraud investigation by postal inspectors also was the undoing of Eddie Galloway and his wife, Rosie, who were convicted on charges they devised an insurance fraud scheme to collect benefits on a slain government witness. The victim, Frank Webb of Carson, Calif., testified in a 1980 insurance fraud trial in which the Galloways and physician Odis Strong, among others, were convicted.

Galloway was sentenced in the latest case to 10 years in prison; Mrs. Galloway drew a five-year sentence. The slayer of Webb remains at large, although a grand jury has indicted a former Memphian, Raymond C. Parker, on charges he schemed with the Galloways and phoned the death threat which Webb received shortly before his shooting death in October 1981.

Handwriting analyses and other proof, provided by postal crime lab technicians William Roane and Bob Muehlberger, were essential to the government's case, said Assistant U.S. Attorney Mike Speros, who prosecuted the case. The Memphis lab is one of only five postal labs across the country, and handles fingerprints, document analysis, in fact, everything except bomb work—which is done in Washington, D.C.

"If you rated them on a scale of 1 to 100, they'd be near a hundred," U.S. Attorney Ewing says of the postal inspectors. "We're extremely pleased with the postal inspectors' office. I don't know what we'd do without them."

He said the postal inspectors and the FBI share the jurisdiction and work together on many cases. Ewing said he would not want to get in an "agency-rating contest," but said the postal inspectors' office seems to have an edge due to the longevity of its inspectors at the Memphis office.

"Some of them have been here 15 to 20 years," he said, "and, they're extremely competent. I don't know what their policy is, but they don't seem to transfer as much as the FBI."

C. J. Arnold, a member of the four-member mail fraud investigation team in the Memphis office, said most of the team's fraud cases "aren't the type of investigations that get a lot of headlines; you get into so many documents and figures. But if you don't sift through all of it, you miss some of it. That's why a jury, if they get to see it, they rarely miss seeing where someone went wrong.

"To me, documents are better than eyewitnesses. An attorney can have a field day with a witness who forgets, but a document speaks for itself—and says the same thing over and over," he said.

The service is housed in Memphis on the second floor of the former main post office and federal court building on Front Street—an old but perfect setting for preserving the service's valued low profile. The FBI, Drug Enforcement Agency and Secret Service are headquartered in the already overcrowded high-rise Clifford Davis Federal Building on the Mid-America Mall.

The Memphis division has responsibility for investigations in an area which includes Tennessee, Arkansas, Alabama, Louisiana, Mississippi and a 10-County portion of the Florida panhandle. Five managers in Memphis supervise the work done by 94 inspectors, 51 administrative-support employees, 61 uniformed postal police officers and two electronic technicians.

The violations involve more than 80 statutes, ranging from the sophisticated white-collar scams involving thousands of dollars to pornography, illegal shipments of guns and drugs, and theft of mail (particularly government checks) from mail vehicles.

"We've had a rash of that," Arnold said, referring to theft from mail trucks. "When times get hard, crime gets rampant. Usually, they're not discriminating when they rip off a mail truck. They'll take everything and destroy a heck of a lot."

Ewing last month, following at least three cases of such theft, said the government is considering the use of security boxes to hold checks and other valuables in mail trucks.

Arnold said many mail fraud schemes, particularly those involving collection of benefits, would not succeed without the help of shady physicians and lawyers.

Dr. Odis Strong was convicted for his role in the Emmitt Ford case.

"As long as they get paid, they don't care if you're injured or not," Arnold says of physicians involved in such cases. "And that's the way a lot of lawyers make a living—feeding out of the insurance trough.

"For their part, the insurance agencies are eager to settle out of court rather than go to the expense of a trial when a problem arises. That's what these con artists are banking on."

Arnold, Ewing and other federal officials are certain that as soon as they plug up one hole in the system, another takes its place. Arnold surmises that large-scale insurance fraud operations have been going on in Memphis since at least 1973.

"There are always going to be frauds," Ewing said. "There are new ones being hatched every day. When we hear about them, we have no hesitancy getting the postal inspection office involved."

The Postal Service's inspection agency takes its authority from the constitutional right citizens have against unreasonable searches and seizures, guaranteed by the Fourth Amendment. The concern is for the inviolability of the individual's personal papers—the "sanctity of the seal."

The first significant date in Postal Service history was in 1737, when Benjamin Franklin was appointed postmaster of Philadelphia, and assumed the duties of "regulating the several post offices and bringing the postmasters to account." He visited post offices and audited accounts, improved accounting methods and established new post offices as the colonies grew.

John Foxcraft in 1761 was assigned to handle the colonies' postal affairs while Franklin was on assignment in Europe. By 1772, the postal service had expanded to the point where Foxcroft could not give attention to the inspection and auditing duties required.

A new position of "surveyor" was created to assume these tasks, and in this way the colonial system expanded with the appointment of new surveyors. They were the forerunners of today's Postal Inspection Service—the nation's first federal law enforcement agency. From the beginning, the surveyors were required to investigate thefts of mail or postal funds, often by a rider, innkeeper or other person entrusted with the mails.

The colonial postal system became the American Postal Service on July 26, 1775, when the Continental Congress elected that reliable postal veteran, Benjamin Franklin, as postmaster general.

On March 6, 1801, postmaster general Joseph Habersham ordered a change in title from surveyor to "special agent." His order also spelled out the authority of this new office:

"I do hereby further authorize the said agent to open and examine the mails passing on that route when and where he may think proper."

"To open the mails," however, meant only to open the bags or pouches of mail in order to examine their contents, not the contents of the mail itself.

As the nation expanded to the west, north and south, the postal service went right along, setting up postal service as settlers filled the region between the Atlantic and Pacific.

The first postal inspector killed in the line of duty was in 1908 in Mississippi, where an assistant postmaster, worried an inspector was going to expose a shortage in accounts, shot the inspector as the officer waited for a train.

Postal inspectors participated in the successful manhunt for the perpetrators of the last known stagecoach robbery in the United States, in 1916. The driver was murdered and $3,000 was taken in the mails between Rogerson, Idaho, and Jarbidge, Nev.

In one case, inspectors pursued three murderous train robbers—the DeAutremont brothers—to Canada, Mexico, Europe and South America, in a chase that lasted three years. The brothers, Hugh, Roy and Ray DeAutremont, robbed a mail train in 1923 in the Oregon mountains, believing it carried $500,000 in gold. They dynamited the mail car, killing the clerk inside. They then killed three railroad men in an effort to avoid identification.

Later investigation and lab analysis, not posses, led to the DeAutremonts.

Hugh DeAutremont was found in 1927 while serving in the Army in the Philippines under the assumed name of James C. Price. Ray and Roy DeAutremont later were located in Ohio where they also were using aliases. All three were tried, convicted and sentenced to life imprisonment.

To meet new challenges, the number of postal inspectors increased from less than 1,000 in 1960 to more than 1,700 by 1975. The inspectors are trained in investigative techniques, firearms and self-defense.

U.S. Department of Justice

United States Attorney
Central District of California

SST:RLB:LLL:md
(213) 688-6529

United States Courthouse
312 North Spring Street
Los Angeles, California 90012

January 7, 1983

D. J. Harrington
Inspector-in-Charge
Special Investigations Division
United States Postal Inspectors
475 L'Enfant Plaza West, SW
Washington, D.C. 20260

Re: United States v. Carl R. Luy,
CR 82-595-DWW

Dear Mr. Harrington:

I am writing this letter to commend Postal Inspector Robert E. Chalmers on the outstanding job he did in the mail fraud prosecution of defendant Carl R. Luy. I was the Assistant United States Attorney who had the pleasure of working with Inspector Chalmers. Inspector Chalmers worked exceedingly hard in the investigation of this case. I marvel at his ability to coordinate information from over 500 victims around the world. I know he worked even harder in the preparation of the case for trial. Much of this preparation took place during the holiday period and Inspector Chalmers made personal sacrifices to make this prosecution the success it was. Finally, Inspector Chalmers acted as my right-hand man during trial. I commend him and your agency on the professionalism he displayed at all times.

There are many examples of Inspector Chalmer's fine work that I could relate to you. For example, he organized sixteen witnesses from around the world for interviews, prepared them for signing of extradition affidavits, and arranged their appearances at trial. He also coordinated almost one hundred exhibits that were used in the case, reviewing over a thousand more for my inspection. He did this work cheerfully and enthusiastically, making it a sincere pleasure for me to work the long hours with him that the case required.

I hope that I have the opportunity again to work with Inspector Chalmers. He is a credit to federal and international law enforcement.

Very truly yours,

STEPHEN S. TROTT
United States Attorney

Laurie L. Levenson

LAURIE L. LEVENSON
Assistant United States Attorney

U.S. Department of Justice

United States Attorney
District of Oregon

26:dsl

312 United States Courthouse
~~Mailing Address~~ 620 S.W. Main
Portland, Oregon 97205
503/221-2101

September 15, 1982

Eric G. Larson
Inspector in Charge
United States Postal
Inspection Service
P.O. Box 400
Seattle, Washington 98111

RE: Investigation into the April 23, 1982, Post Office robbery at Monmouth, Oregon.

Dear Mr. Larson:

As you know, the last month has been an extremely hectic one as regards the investigation in this case. One witness has been murdered and others are under 24 hour armed guard. I am taking this opportunity to write to you now to call to your attention the extraordinary contribution that has been made to this case by the United States Postal Inspection Service, especially Inspectors Terry L. Wells, Gary Shartz and Scott Berry.

Inspectors Wells and Shartz have worked tirelessly coordinating a joint investigation involving the Polk County, Oregon authorities, the Federal Bureau of Investigation and the Postal Inspection Service, while at the same time providing protection to the most important Government witnesses whose lives have been threatened by the principal subjects of the investigation. Inspector Berry, as a result of his meticulous and thorough polygraph examinations, not only developed the critical evidence of the murder, but also, singlehandedly, obtained a confession by one of the murderers.

As the case stands now, the Polk County, Oregon District Attorney's Office is proceeding on the murder case and the United States Attorney's Office in Portland is preparing an Indictment against those responsible for the Post Office burglary and the possession of the stolen Post Office money orders. Although important assistance was provided by the local authorities and the FBI, all these cases were made by the United States Postal Inspection Service, and in particular, those Inspectors mentioned above. Their professionalism, as well as their dogged and tireless pursuit of this investigation reflects the highest principles of law enforcement.

Yours sincerely,

CHARLES H. TURNER
United States Attorney

Robert C. Weaver

ROBERT C. WEAVER
Chief, Criminal Division

U.S. Department of Justice

United States Attorney
Central District of California

SST:RLB:MEK:dlr
(213) 688-3314

United States Courthouse
312 North Spring Street
Los Angeles, California 90012

October 15, 1982

Mr. L. O. Poindexter
Post Office Box 30456
Los Angeles, California 90030

Re: Postal Inspector Lou F. Kinzler

Dear Mr. Poindexter:

The purpose of this letter is to inform you of the superior performance by Lou Kinzler as to the investigation and trial perparation of United States v. Lucian Ludwig Kozminski, Nos. CR 82-540-Kn and CR 82-620-Kn. As you know, Kozminski on August 30, 1982, pled guilty to 7 (seven) counts of Mail Fraud and 1 (one) count of Bankruptcy Fraud. On October 12, 1982, he received a sentence of 12 (twelve) years incarceration; he was ordered to pay costs of prosecution ($35,000), and he was further ordered to pay restitution to the victims named in the indictment. It is my understanding that the 12 year sentence was the lengthiest one in recent memory for a "white collar" crime in the Central District of California.

None of this would have been possible without Lou Kinzler. Lou pieced together the gist of the crime from thousands of documents in Kozminski's files, obtained in a search in December, 1981. Most of these documents were in German and of a legal nature. Lou almost unassisted sifted through these documents, figured out Kozminski's filing system, and successfully tackled what appeared to be an overwhelming task.

During our 2 weeks of interviews in Germany in April, 1982, Lou was similarly indispensable. His fluency in oral and written German was essential to establishing a rapport with the proposed witnesses, interviewing them, and convincing them to come to the United States, despite our lack of subpoena power. Most of these witnesses were West German government officials, many of whom were highly placed, and in

every instance the designated witness came to the United States for the anticipated trial. Lou also helped establish a network of contacts with police supervisors throughout West Germany, which facilitated our trip and interviewing schedule in many ways.

Moreover, by communicating fluently in French and Yiddish with several Nazi concentration camp survivors, who were victim-witnesses, Lou was essential in maintaining contacts with them and helping to prepare their prospective trial testimony. As to the other 75 victims, many of whom were also prospective witnesses, Lou was always patient, polite, considerate of their needs and frequently emotional complaints against Kozminski, and extremely helpful in the preparation of their testimony and arranging their accomodations and transportaiton. Indeed, Lou single-handedly made all of these arrangements for our 30 proposed witnesses, including 11 from Germany and 3 from Israel who came to Los Angeles in anticipation of trial.

In short, Lou's tireless efforts in a challenging, pressure-filled case, his dedication, preparation, organization, punctuality, and his thoughtful suggestions during the investigation and trial preparation, contributed significantly to the successful result in this case.

Just as important, Lou is polite, engaging and a very good person. He should be commended highly.

Sincerely,

STEPHEN S. TROTT
United States Attorney

Mark E. Kalmansohn

MARK E. KALMANSOHN
Assistant United States Attorney

U.S. Department of Justice

United States Attorney
District of New Jersey

970 Broad Street, Room 502
Newark, New Jersey 07102

201/645-2135
FTS/341-2135
(201)645-6052

January 4, 1983

William Bolger
United States Postmaster General
United States Postal Service Headquarters
Washington, DC 20260

Re: Postal Inspectors Joseph Eckenrode, William Johnson, William Jelochen, and Steven Sztanko

Dear Mr. Bolger:

I would like to commend to your attention the excellent assistance rendered to this Office by the Fraud Unit of the Postal Inspection Service in two recent mail fraud prosecutions in this District. Both cases involved fraudulent business opportunity offerings in the trucking industry. Over $1,000,000 was obtained by means of fraudulent representations. Because of the pervasive nature of this fraud and the terrible effect on the victims, many of whom lost their life savings and went deeply into debt, these cases received expose-type coverage in the trucking industry trade press as well as the commercial press. Under these circumstances it was essential that the cases be investigated in a thorough and professional manner. The superlative efforts of the Fraud Unit of your Newark Office ensured that these cases became a credit to your office as well as mine.

In one of the cases, United States v. William Boggs, Postal Inspectors Joseph Eckenrode, William Johnson, William Jelochen, and Steven Sztanko carried out over fifty witness interviews while the case was under investigation by the grand jury. These interviews led to identification of key witnesses for trial. In addition, during the trial Postal Inspectors gave extensive assistance to the United States Attorney's Office in the presentation of evidence in court. After conviction, Boggs was sentenced to five years imprisonment. There is no doubt that the efforts of these inspectors were responsible for this Office's ability to prosecute this case successfully.

In the other case, United States v. Louis Acinapura, the defendant pleaded guilty after extensive investigtation conducted by the Postal Inspection Service. Defendant's awareness of the ongoing investigation and witness interviews by the Postal Service, in the opinion of this Office, was a substantial factor in his decision to plead guilty. Acinapura cooperated in other trucking investigations and was sentenced to six months imprisonment, a $1,000 fine, and five years probation.

We look forward to continued close cooperation with the Postal Inspection Service in the prosecution of white collar crime as well as postal offenses.

Very truly yours,

W. Hunt Dumont

W. HUNT DUMONT
United States Attorney

cc: Kenneth Kievit
Inspector in Charge

U.S. Department of Justice

United States Attorney
Western District of Michigan

Room 399
Federal Building
Grand Rapids, Michigan 49503

July 16, 1982

Xavier Harrison
Assistant Inspector in Charge
P.O. Box 119
Detroit, Michigan 48232

Re: United States v. Daniel B. Sims
File No. G81-70 Cr.

Dear Mr. Harrison:

On July 8, 1982, Daniel Sims was sentenced to 25 years incarceration pursuant to his conviction on 13 counts of mail fraud in violation of 18 U.S. C. § 1341. This sentence culminated an intensive effort by your office, beginning with an investigation opened in early 1980, the return of an indictment on July 1, 1981, three attempted trials on January 4, January 25, and March 29, and the trial from May 10-June 9, 1982.

I believe that justice was done and society is safer because of this conviction and sentence. I can unequivocally state that it could not have been obtained without the superb work of the United States Postal Inspectors' Office.

As you may know, this was my first criminal trial. It was my good fortune to inherit a case to which Postal Inspector [redacted] had been assigned. Mr Reda gave unstintingly of his knowledge, time and patience to help me prepare this complicated case for trial. Before and during the trial, Mr. Reda devoted numerous evenings and weekends to this case.

His efforts included identifying, locating, and preparing more than 140 exhibits and 70 witnesses, advising me and the Court of the interrelationship of facts, events, and files, and providing guidance with respect to trial strategy and tactics. All of these endeavors were essential to our success, and Mr. Reda performed them all with exceptional skill, diligence, and professionalism.

Because Mr. Reda was needed in the courtroom during the presentation of the Government's case-in-chief, your office kindly provided us with the services of Postal Inspector [redacted]. Mr Amati was assigned the unenviable task of interviewing and coordinating prosecution witnesses prior to their testimony and preparing witness cards to direct the Government's line of inquiry. This assignment required him to extract and summarize useful information rrom numerous uncooperative witnesses in a stressful and time-restricted setting. Mr. Amati utilized his considerable talent in dealing with people to perform this task with composure and efficiency. His work, too, was invaluable to our success.

Please accept our commendation of the work of Ed Reda and Tom Amati on this case and our gratitude to you for making them available.

Yours very truly,

JOHN A. SMIETANKA
United States Attorney

DONALD A. DANIELS
Assistant United States Attorney

U.S. Department of Justice

United States Attorney
Southern District of New York

AJL:gdd
6/7/82

One St. Andrew's Plaza
New York, New York 10007

June 7, 1982

J. F. Williamson
Inspector-In-Charge
New York Division
General Post Office Box 555
New York, New York 10016

Re: United States v. Leo Sterling, etc., et al.,
No. 81 Cr. 788 (LBS)

Dear Mr. Williamson:

I am writing you to commend the superlative and extraordinarily resourceful efforts of Postal Inspectors Robert J. Mignogna, Joseph Pritchard and Juan Albornoz with regard to the recent investigation and prosecution of Leo Sterling, a/k/a "Leo Nobel," "Paul Nobel," "Leo Butler," and the other nine defendants in the Designer Sportswear fraud case. As you may know, this case involved a massive boiler room operation involved in the fraudulent sale of defective, counterfeit and damaged clothing as designer quality sportswear to hundreds of small clothing stores throughout the country. The extremely thorough investigation and prosecution resulted in nine guilty pleas and one deferred prosecution. Thereafter, on April 30, 1982, United States District Judge Leonard B. Sand imposed substantial sentences on the defendants, including a 7-year sentence of imprisonment and a $10,000 committed fine imposed on the lead defendant, Leo Sterling.

I am informed by Assistant United States Attorneys Andrew J. Levander and Paul Shectman, who were primarily responsible for the prosecution of this case, that the postal inspectors, who were led by Inspector Mignogna, deserve tremendous credit for their tireless, thorough and imaginative investigative efforts. Among other items, I am pleased to report that the inspectors flawlessly executed two search warrants regarding two different business premises under trying circumstances. I am also told that the inspectors worked long hours, including nights and weekends, to evaluate and transcribe several hundred hours of tape-recorded telephone conversations, to review boxes of corporate records, and to

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interview and talk with hundreds of victims and other potential witnesses. Perhaps most impressive, Inspector Mignogna, along with Inspectors Pritchard and Albornoz, were able effectively to organize and assimilate the thousands of documents, tapes reports and other items that evidenced the defendants' fraudulent scheme.

Furthermore, the inspectors' first-class investigative efforts not only thoroughly exposed the designer sportswear mail and wire fraud scheme, which involved $2.5 million in fraudulent orders over a three-year period, but also revealed that the defendants were involved in two check kiting schemes, commercial bribery, tax fraud, narcotics abuse, obstruction of justice and numerous other serious crimes. Indeed, alert investigative work by Inspectors Mignogna, Albornoz and Pritchard led to the early detection and termination of Fashions Galore, a new fraudulent scheme begun by the defendants after their indictment.

In short, I commend the truly outstanding performance of these inspectors. Their effective efforts have halted a major fraud scheme in this district and the attendant publicity throughout the country regarding the defendants' substantial sentences is a significant step in the Government's efforts to combat the growing problem of counterfeit designer clothes. Please thank Inspectors Mignogna, Pritchard and Albornoz, as well as the other inspectors involved in this case, for their highly professional performance.

Very truly yours,

JOHN S. MARTIN, JR.
United States Attorney

U.S. Department of Justice

United States Attorney
Western District of North Carolina

Post Office Box 132
Asheville, North Carolina, 28802

704/258-2850 ext. 655
FTS/ 672-0655

February 22, 1982

Mr. R. W. Moore, Chief
Southern Region
1407 Union Avenue, 10th Floor
Memphis, Tennessee 38161

Re: Postal Inspectors Edward S. Shively
and James Phillips

Dear Mr. Moore:

This letter is written to give the highest commendation to your Inspectors James Phillips and Ed Shively for their efforts in the case of United States of America vs. Russell Rhodes and Donald Hommell.

The above mentioned case involved a scheme to sell book distributorships to individuals at a cost of between $5,000 and $10,000. The defendants knew when they were selling the distributorships that they were going to have to use the new distributor's money to pay for supplies for previous subscribers. Thus, they could not meet their obligation to the new distributor until they sold more distributorships. Potential "investors" were never told of this problem. The final result was that some ten investors lost over $60,000.

The United States mail was used to solicit and obtain payment for the distributorships.

Donald Hommell pled guilty and received an active sentence but Russell Rhodes was tried and found guilty by a jury. The successful prosecution was made possible through the untiring efforts of Inspectors Phillips and Shively.

Inspectors Phillips and Shively were always available to be of assistance when needed and played major roles in organizing the case for trial. Their past experience was an invaluable tool in mapping trial strategy.

The final analysis must show that the diligence, attention to detail and professionalism exhibited by Inspectors Shively and Phillips made possible a successful prosecution which might not have been had with less capable and dedicated Inspectors of the United States Postal Service.

Very truly yours,

CHARLES R. BREWER
UNITED STATES ATTORNEY

MAX O. COGBURN, JR.
ASSISTANT UNITED STATES ATTORNEY

U.S. Department of Justice

United States Attorney
Western District of Pennsylvania

JAJ:FWT:lma
82-0258

633 United States Post Office & Courthouse
Pittsburgh, Pennsylvania 15219

412/644-3500
FTS/722-3500

September 15, 1982

R. J. Grannan
Postal Inspector In Charge
1700 Centre City Towers
Pittsburgh, Pa 15222

Re: American Coal Exchange, et al.

Dear Mr. Grannan:

The American Coal Exchange investigation and prosecution has now drawn to a successful conclusion with the convictions of brokers Moorehead and Jackson on September 13, 1982. To date, two corporations and fourteen individuals have been convicted in this elaborate fraud.

Needless to say, this outstanding accomplishment can be attributed to the fine work of the United States Postal Inspection Service. The leadership and abilities of Case Agent Russell Siano are of the highest degree, and we deeply appreciate the unselfish dedication of Agent Siano and his fraud team of Agents Evans, Lewis, Hartman and McClelland. Agent Michael Hartman, of course, must likewise be singled out for his excellent investigative skills which were particularly well exposed in his capacity as case agent in the Moorehead-Jackson trial.

Without the abilities of agents such as Siano, Hartman and the other Postal Inspectors, success such as that experienced by the federal government in the American Coal Exchange cases would be impossible. My compliments to you and your agents for a job well done.

Sincerely,

J. Alan Johnson

J. ALAN JOHNSON
United States Attorney

U.S. Department of Justice

United States Attorney
District of Arizona

4000 United States Courthouse
Phoenix, Arizona 85025

602/261-3975

April 24, 1981

Jim Hanney
Assistant Postal Inspector
in Charge
U.S. Postal Inspection Service
P.O. Box 30456
Los Angeles, California 90030

Re: USA v. PAUL H. BROADWELL
CR-80-232 PHX JKR

Dear Mr. Hanney:

If you are not already, you should be aware of the exceptional efforts of Inspector Charles Smith in connection with the investigation, preparation, and trial of the above-captioned case.

From my initial contact with him, Inspector Smith exhibited an unfailing devotion to duty and a desire to do whatever was necessary for the good of the case. He willingly carried out any task he was assigned, volunteered for others, and spent many 14-16 hour days assisting me in preparation for trial, all in good humor and without complaint.

Additionally, the quality of his assistance in pre-trial preparation of witnesses and documents was of material assistance to me and made the examination and cross-examination of witnesses much more effective. He was of particular help to me in preparing the cross-examination of the defendant's expert accounting witness, a certified public accountant.

For his efforts, Inspector Smith should be suitably commended. The Postal Service is fortunate to have him in its employ, and I look forward to working with him again.

Sincerely,

A. BATES BUTLER III
United States Attorney
District of Arizona

Robert P. Weidner

ROBERT P. WEIDNER
Assistant U. S. Attorney

U.S. Department of Justice

United States Attorney
Central District of California

SST:RLB:FAJ:pas
FTS 798-2391

United States Courthouse
312 North Spring Street
Los Angeles, California 90012

RECEIVED
SEP 17 1982

September 14, 1982

William F. Bolger
Postmaster General
475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260

Re: United States v. Gerald M. Schaflander, Stephen M. Wright
No. CR 81-876-TJH

Dear Postmaster Bolger:

I write to bring to your attention the outstanding work of Postal Inspector Andy Thomas (Los Angeles Office) in the captioned prosecution.

As you are aware, Schaflander and Wright defrauded hundreds of investors by falsely claiming to have developed a cheap automotive fuel derived from solar cell electricity. Based on these misrepresentations, Schaflander and Wright also induced the United States Postal Service to agree to purchase the fuel. Schaflander and Wright touted their product before the United States Senate and on national television, and were able to obtain millions of dollars from unwitting investors.

The eighteen-month investigation by Inspector Thomas culminated in an eight-week trial. Schaflander and Wright were convicted on all mail fraud counts and received prison sentences of four years and two years, respectively.

In five years as a federal prosecutor, three of which have been devoted exclusively to prosecuting major frauds, I have never witnessed the skill, tenacity and sacrifice demonstrated by Inspector Thomas.

Inspector Thomas' masterful investigation required the stamina to conduct dozens of interviews, the intellect to understand highly technical aspects of solar cells and the finesse to persuade reluctant investors to cooperate with the prosecution.

During the eight-week trial, Inspector Thomas frequently stayed at my office with me into the wee hours of the morning preparing the next day's testimony or cross-examination. It was an exhausting trial, but Inspector Thomas never wavered. Inspector Thomas' grasp of the case and tactical suggestions were indispensable. I incorporated many of his suggestions into my examination and argument.

The convictions we obtained were the direct result of Inspector Thomas' tenacious efforts. It was a rare privilege to be associated with him in a prosecution. He represents the finest qualities of federal law enforcement. After the jury returned its guilty verdict, the trial judge personally commended Inspector Thomas, something I have never seen a judge do. When the federal judiciary commends a postal inspector in open court, you can rest assured that it was an outstanding job.

Sincerely yours,

STEPHEN S. TROTT
United States Attorney

Frederik A. Jacobsen

FREDERIK A. JACOBSEN
Assistant United States Attorney
Assistant Chief, Criminal Division

cc: L. O. Poindexter
Inspector in Charge
Los Angeles, California

U.S. Department of Justice

United States Attorney
District of Minnesota

REV:mmu

234 United States Courthouse
Minneapolis, Minnesota 55401

FTS/781-7430
612/332-8961

February 8, 1983

Mr. Dennis R. Hagberg
Postal Inspector in Charge
P.O. Box 43558
St. Paul, MN 55164

Dear Mr. Hagberg:

This letter is designed as a formal statement of the great respect and appreciation that I and Assistant United States Attorney Thomas Heffelfinger have for Postal Inspector Sterling McKusick. Our office has long been aware of Inspector McKusick's superior skills as a criminal investigator. However, his performance in the recent case of United States v. Norman Perl, et al., District of Minnesota, Criminal No. 3-82-32, reflected the quintescence of top quality law enforcement work.

We worked virtually seven days a week with Inspector McKusick from August through November 1982 and I can say without exaggeration that I have never been associated with a more competent, willing, or cooperative criminal investigator in my 13 years of prosecutive experience. If the general public only knew the extraordinary effort that Inspector McKusick made in this case we would hear far fewer complaints about the quality of work or dedication to public service by government employees.

This case was particularly difficult emotionally because of the repeated and unwarranted personal insults which our trial team was subjected to by the defense. Yet Inspector McKusick conducted himself professionally throughout.

United States Attorney James Rosenbaum is sending a letter to Chief Postal Inspector Kenneth H. Fletcher expressing our gratitude for your office's efforts in the Perl case. Nonetheless, I wanted to take this opportunity to personally affirm to you the superb caliber of Postal Inspector you have in Sterling McKusick.

Sincerely,

Richard E. Vosepka

RICHARD E. VOSEPKA
Assistant United States Attorney

U.S. Department of Justice

RECEIVED

82 MAR 15 P1:59

OFFICE OF PMG

United States Attorney
Northern District of Illinois

JNH:dr

United States Courthouse
Chicago, Illinois 60604

March 2, 1982

Honorable Raymond Bolger
United States Postmaster General
Washington, D. C. 20260

Re: United States v. Ivan Deckard, et al.,
80 CR 373, Northern District of Illinois

Dear Postmaster General Bolger:

We wish to apprise you of the outstanding performance of duty by United States Postal Inspectors Patrick Egan, Kenneth Powell, John Freeman, and Robert McKenzie, in this extraordinary case. These Inspectors were responsible for the successful prosecution of the largest non-fraud postal case ever prosecuted in the Northern District of Illinois. The case involved ten defendants in a scheme to steal information from the mail and use that information to cash stolen commercial checks. The investigation demonstrated that 1,000 to 2,000 checks had been cashed at over two hundred banks in over forty cities in at least four states. We estimate several hundred postal crimes were committed involving counterfeit Arrow keys, stolen and altered Arrow locks; stolen Arrow keys; armed robberies of mail carriers; and theft and possession of several hundred thousand pieces of stolen mail. The principal defendant, Ivan Deckard, was prosecuted as a dangerous special offender under Title 18, United States Code, Section 3575, and was sentenced to fifty years incarceration. To our knowledge, Deckard is the first person in the history of this District to have been shown to be a special offender on all the independent bases provided in Section 3575.

The fine results achieved in this case were the product of the meticulous and exhaustive investigation. Inspectors Egan and Powell spent months interviewing scores of witnesses (including several weeks travelling with Deckard to locations where the gang operated) and retrieving hundreds of checks and other documents. Inspector Freeman conducted an equally thorough investigation into the gang's activities in Wisconsin. Inspector McKenzie investigated another large check cashing ring operated by Deckard after his escape from state custody in late 1977.

Inspectors Egan and McKenzie provided a number of witnesses and documents which were presented at the two-day sentencing hearing which resulted in Deckard's sentence, one of the heaviest ever imposed in this District. Inspector Egan also aided the assistant United States Attorneys who prosecuted all ten defendants.

Each of these Inspectors demonstrated exceptional dedication and resourcefulness; each is an example of the very finest work that can be done by the Postal Inspection Service; each is an inspiration to all those who strive to uphold the law.

We request that you communicate our comments to each Inspector, and reflect these comments in their official service records.

Very truly yours,

Dan Webb

DAN K. WEBB
United States Attorney

U.S. Department of Justice

United States Attorney
Northern District of Texas

1100 Commerce Street, Room 16G28
Dallas, Texas 75242

CBW:jm

July 30, 1982

D. C. Strader
Inspector in Charge
Postal Inspectors Office
P. O. Box 1230
Fort Worth, Texas 76106

Dear Inspector Strader:

I wish to take this opportunity to commend Inspector Ronald Yates for his exemplary work leading to the successful prosecution of Hugh A. Franey. The professionalism and thoroughness exhibited by Inspector Yates during the investigation and subsequent prosecution are deserving of special mention. Inspector Yates exercised admirable judgment in his pursuit of investigative leads and the gathering of evidence. His compilation and organization of the numerous documents were vital to the orderly presentation of the case.

Perhaps the most significant comment that can be made about Inspector Yate's work in this case is to note that Judge David O. Belew, after the return of the verdict, praised the Postal Inspection Service for the investigation.

As a result of my experience working with Inspector Yates on this case, it was easy for me to appreciate the basis for the good reputation and relationship that Inspector Yates has with the U. S. Attorney's Office. I look forward to working with him and other inspectors in the future.

Very truly yours,

JAMES A. ROLFE
United States Attorney

Cheryl B. Wattley
CHERYL B. WATTLEY
Assistant United States Attorney

U.S. Department of Justice

United States Attorney
Eastern District of Arkansas

Post Office Box 1229
Little Rock, Arkansas 72203

'83 JAN 12 AM 8:21

January 10, 1983

Mr. John P. Mobley
Postal Inspector in Charge
U. S. Postal Service
P. O. Box 3180
Memphis, Tennessee 38103

Re: USA v. Harry E. Carle

Dear Mr. Mobley:

As I'm sure you are aware, the above named defendant was recently convicted in Federal District Court, Jonesboro, Arkansas, on 40 counts of mail fraud and 2 counts of conspiracy in connection with a widespread discount coupon fraud scheme.

Brent Bumpers, the Assistant U. S. Attorney who prosecuted this case has informed me that Postal Inspector Harold Stuart performed a superior job investigating this matter and preparing for trial. Inspector C. J. Arnold was also instrumental in the investigation of the fraudulent scheme.

I commend your office, and these investigators in particular, for excellent work and assure you that we remain very interested in all matters of mutual interest.

Very truly yours,

GEORGE W. PROCTOR
United States Attorney

GWP:fc

U.S. Department of Justice

United States Attorney
Western District of Tennessee

1026 Federal Office Building
Memphis, Tennessee 38103

February 16, 1982

Mr. M. A. Gump
Postal Inspector in Charge
P. O. Box 3180
Memphis, Tennessee 38103

Dear Mr. Gump:

Re: USA vs. Robert Brittain Mayfield
Cr. No. 80-20156-H

This is to commend Inspector Lew Faulkner for his excellent preparation and assistance to me during the prosecution of the above-referenced case. I have never had a case which was better investigated nor more fully prepared than this one. Inspector Faulkner's persistence, diligence and willingness to see this investigation finalized from beginning to end should be commended.

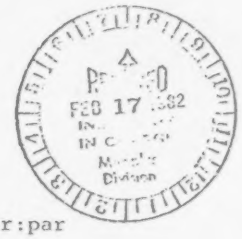
As you probably know, after more than a week of trial in which the government rested its case, the defendant pleaded guilty to 12 counts of a 26-count indictment. The last day of the government's proof apparently was so convincing that he decided to throw in the towel. Inspector Faulkner deserves much of the credit for this conviction. Additionally, he was extremely helpful in assisting me in trying this case.

I have never dealt with a more dedicated nor professional agent. I look forward to working with you, Mr. Faulkner and other Postal Inspectors in the future.

Yours truly,

W. HICKMAN EWING, JR.
United States Attorney

By: _____
ROBERT M. WILLIAMS, JR.
Executive Assistant U. S. Attorney



RMWJr:par

U.S. Department of Justice

SST:RLB:MHB:ban
(213) 688-2699

United States Attorney
Central District of California

United States Courthouse
312 North Spring Street
Los Angeles, California 90012

September 15, 1982

Richard J. Klenz
Regional Chief Inspector
Western Region
United States Postal Service
San Bruno, California 94098

Re: Deputy Director Frankie Franck;
United States v. Arellano, et al., CR 82-487-CHH

Dear Mr. Klenz:

Please allow me by this letter to commend the truly remarkable work of Frankie Franck, the Deputy Director of the Postal Service crime lab in San Bruno. Mr. Franck has been known to me for several years, and has testified as an expert witness on numerous occasions in the Central District of California.

Recently, Mr. Franck was of tremendous help to me in prosecuting a case involving the seizure of $30,000,000 worth of contraband, $640,000 in cash, and resulting in the conviction of the ringleaders of a very large narcotics organization.

I deliberately sought Mr. Franck's help in this case, because in my opinion he is the very best handwriting and fingerprint expert I have ever seen or worked with in over ten years with the Department of Justice.

As well as being truly learned in his field, and expert in presenting his findings, Mr. Franck has another attribute that makes him the sort of person a prosecutor seeks out when the case is important, difficult, and strongly contested, and that is his willingness and ability to understand what needs to be done, and then to do it in a spirit of cooperative and whole-hearted teamwork.

The instant case involved the largest seizure of cocaine in the history of the Los Angeles Police Department. When I learned that numerous ledgers, comprising hundreds of pages, had been seized, I knew that Mr. Franck could be trusted to painstakingly treat and examine every page. He did so, with results absolutely devastating to the defense. To put it bluntly, they couldn't lay a glove on him in cross-examination.

It has been a pleasure and an honor working with such an excellent and valuable professional.

Very truly yours,

STEPHEN S. TROTT
United States Attorney

Mark Healy Bonner

MARK HEALY BONNER
Assistant United States Attorney
Controlled Substance Unit

RESPONSE TO QUESTION 4

The closing of the Chattanooga Division has had no effect on law enforcement activities in the Southeast. As I pointed out in my introductory remarks, the level of service provided under our criminal investigative programs was not lowered by the consolidation of Division Headquarters administrative functions. This point was repeatedly made in the GAO report also.

Attached are statistics on arrests and convictions for the Chattanooga Division from Fiscal Year 1978 through June 30, 1981, when it ceased operation as a Division Headquarters. Similar statistics are furnished for the area formerly served by the Chattanooga Division for the October 1, 1982 through March 31, 1983 period. We were unable to break out that information for the period of July 1, 1981 through September 30, 1982.

These statistics indicate the trend in this geographic area is consistent with our national trend and the reasoning furnished in response to your first question. In other words, statistical changes were the result of our program changes and not the closing of the Chattanooga Division.

LEGEND

EXTERNAL CRIMES

ECMT - Mail Theft

ECB - Burglary

ECR - Robbery

ECA - Assaults

ECM - Miscellaneous

ECMO - Money Orders

FRAUD AND PROHIBITED MAILINGS

F - Mail Fraud

PM - Prohibited Mailings

INTERNAL CRIMES

ICL - Letter Mail

ICP - Parcel Mail

ICR - Registered Mail

ICF - Financial

Legend for Attached Charts

Case Categories

+ Case categories identify investigative priorities consistent nationally, with (1) being the highest and (3) the lowest.

ARRESTS

CHATTANOOGA DIVISION

CASE CATEGORY	1978 CATEGORY 1	1978 CATEGORY 2	1978 CATEGORY 3	1979 CATEGORY 1	1979 CATEGORY 2	1979 CATEGORY 3	1980 CATEGORY 1	1980 CATEGORY 2	1980 CATEGORY 3	1981 THRU 06/30 CATEGORY 1	1981 THRU 06/30 CATEGORY 2	1981 THRU 06/30 CATEGORY 3
EXTERNAL												
ECMT	62	466	347	35	403	259	44	255	173	16	48	53
ECB	1	26	-	-	20	9	1	13	6	1	8	-
ECR	1	2	-	4	-	-	9	-	-	6	-	-
ECA	5	-	6	9	-	6	8	-	3	2	-	-
ECM	-	-	199	-	6	341	-	10	64	-	1	13
ECMO	-	24	2	-	46	-	-	31	8	-	5	-
F&PM												
F	1	69	26	31	45	21	4	45	12	2	30	7
PM	-	23	-	2	13	1	1	7	5	-	3	-
INTERNAL												
ICL	17	10	-	20	16	1	24	7	-	19	4	-
ICP	-	-	-	-	-	-	-	-	-	5	-	-
ICR	-	-	-	-	-	-	-	-	-	1	-	-
ICF	16	5	4	16	9	-	16	1	1	10	2	-
OTHER POSTAL CRIMES	-	-	7	-	1	-	-	-	1	-	-	-
Total	103	625	591	117	559	638	107	369	273	62	101	73

CONVICTIONS

CHATTANOOGA DIVISION

CASE CATEGORY	1978 CATEGORY 1	1978 CATEGORY 2	1978 CATEGORY 3	1979 CATEGORY 1	1979 CATEGORY 2	1979 CATEGORY 3	1980 CATEGORY 1	1980 CATEGORY 2	1980 CATEGORY 3	1981 THRU 06/30 CATEGORY 1	1981 THRU 06/30 CATEGORY 2	1981 THRU 06/30 CATEGORY 3
EXTERNAL												
ECMT	52	397	368	39	477	294	41	253	170	9	45	112
ECB	1	29	-	-	30	10	2	14	4	1	6	-
ECR	-	-	-	7	-	-	6	-	-	6	-	-
ECA	-	4	6	10	-	5	6	-	2	3	-	-
ECM	-	10	10	-	9	78	-	12	57	-	3	12
ECMO	-	37	-	-	36	-	-	33	7	-	4	-
F&PM												
F	4	47	21	5	45	15	5	61	15	5	29	5
PM	-	25	28	-	15	1	2	6	-	-	3	-
INTERNAL												
ICL	16	6	-	28	16	-	18	10	1	14	2	-
ICP	-	-	-	-	-	-	-	-	-	7	-	-
ICR	-	-	-	-	-	-	-	-	-	-	-	-
ICF	14	2	5	13	9	-	16	2	1	10	1	-
OTHER POSTAL CRIMES	-	-	5	-	-	-	-	-	-	-	-	-
TOTAL	87	557	443	102	637	403	96	391	257	55	93	129

ARRESTS WITHIN PREVIOUS CHATTANOOGA DIVISION BOUNDARIES
10-01-82 THROUGH 03-31-83

CASE CODE	CATEGORY 1	2	3
EXTERNAL			
ECMT	23	35	2
ECB	1	4	
ECR	7		
ECA			
ECM		2	1
ECMO			
F&PM			
F		11	2
PM			
INTERNAL			
ICL	10	5	
ICP	1		
ICR			
ICF	4	2	
OTHER POSTAL CRIMES			
TOTAL	46	59	5

CONVICTIONS WITHIN PREVIOUS CHATTANOOGA DIVISION BOUNDARIES
10-01-82 THROUGH 03-31-83

CASE CODE	CATEGORY 1	2	3
EXTERNAL			
ECMT	20	27	5
ECB		6	
ECR	1		
ECA	1		
ECM		1	1
ECMO			
F&PM			
F		7	2
PM	1		
INTERNAL			
ICL	10	6	
ICP	3		
ICR			
ICF	2	2	
OTHER POSTAL CRIMES			
TOTAL	38	49	8

RESPONSE TO QUESTION 5

POSTAL INSPECTOR STAFFING
WESTERN DISTRICT OF TENNESSEE
(CALENDAR YEAR)

	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
External Crimes	5	5	5	5	3	5	4	3	1	1
Fraud	6	6	4	6	5	3	4	3	5	5
Misc. Criminal *	2	3	5	5	4	5	7	7	5	6
Other	23	25	25	19	20	21	18	18	16	9
Total	36	39	39	35	32	34	33	31	25	21

* These Inspectors devote approximately 30-60% of workhours to External Crimes investigations.

Does not include Management.

POSTAL INSPECTOR STAFFING
MIDDLE DISTRICT OF TENNESSEE
(CALENDAR YEAR)

	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
External Crimes	1	1	1	2	2	1	1	1	1	1
Fraud	2	1	1	1	1	1	1	1	1	1
Misc. Criminal *	2	1	3	4	4	3	4	4	4	4
Other	5	5	4	3	3	4	4	3	3	–
Total	10	8	9	10	10	9	10	9	9	9

* These Inspectors devote approximately 30-60% of workhours to External Crimes investigations.

POSTAL INSPECTOR STAFFING
EASTERN DISTRICT OF TENNESSEE
(CALENDAR YEAR)

	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
External Crimes	1		1	3	3	3	3	3	3	2
Fraud		1	2	2	2	2	1	1	1	
Misc. Criminal *	2	3	3	5	5	5	6	5	5	5
Other	1	1	1	11	10	10	12	13	12	10
Total	4	5	7	21	20	20	22	22	21	17

* These Inspectors devote approximately 30-60% of workhours to External Crimes investigations.

Does not include Management.

RESPONSE TO QUESTION 6

The attached *Inspection Service Bulletin* articles and policy statements explain in detail the current priorities of the Inspection Service.

Postal crime prevention policy statement

Postal crime prevention encompasses the anticipation, recognition and appraisal of a postal crime risk, and the initiation of action to remove or reduce that risk. The objective of this program is to reduce the incidence of crime against postal employees, property and customers and to ensure the integrity of the mails. This program will cover external, fraud, prohibited mails, internal and security crime prevention activities.

Internal crimes policy statements

Internal Crimes Mail Theft—Letters (ICL): The objective of this program is to protect letters from theft or mistreatment while in the custody of the Postal Service. This will be accomplished by aggressive detection programs. When theft or mistreatment occurs, prompt investigative attention will be directed towards identifying those responsible, causing their removal and initiating prosecution where warranted.

Internal Crimes Mail Theft—Parcels (ICP): The objective of this program is to protect parcels from theft or mistreatment while in the custody of the Postal Service. This will be accomplished by aggressive detection programs. When theft or mistreatment occurs, prompt investigative attention will be directed towards identifying those responsible, causing their removal and initiating prosecution where warranted.

Internal Crimes Mail Theft—Registers (ICR): The objective of this program is to protect registered mail from theft or mistreatment while in the custody of the Postal Service. This will be accomplished by aggressive detection programs. When theft or mistreatment occurs, prompt investigative attention will be directed towards identifying those responsible, causing their removal and initiating prosecution where warranted.

Internal Crimes—Financial (ICF): The objective of this program is to protect postal funds from theft or misuse. This program also entails protecting postal funds from theft and misuse via abuse of the Federal Employees Compensation Program. These objectives will be accomplished by aggressive detection programs. When theft, misuse, or abuse occurs, prompt investigative attention will be directed towards identifying those responsible, causing their removal or termination of compensation payments and initiating prosecution where warranted.

Internal Crimes—Employee Narcotics Involvement (ICN): The objective of this program is to eliminate postal employee involvement with narcotics while on duty. This will be accomplished by aggressive detection and investigation of employees involved with narcotics, to develop evidence for possible prosecution, and provide postal management with necessary information to support the removal of employees who engage in the illegal sale, illegal possession or illegal use of narcotics on duty.

Internal Crimes—Miscellaneous (ICM): The objective of this program is to investigate allegations of employee criminal misconduct and other miscellaneous internal crimes matters. Investigations will be conducted to provide postal management with necessary information to support administrative action with regards to employee misconduct and to support prosecution of such matters where warranted.

External crimes policy statements

External Crimes—General: The purpose of the External Crimes Program is to create a postal environment as free from external criminal attack as possible. Investigations will be directed towards the identification, apprehension, and prosecution of persons responsible for violations which have a significant impact on the public and its Postal Service.

Mail Theft (ECMT): The objective of the ECMT program is to protect USPS customers from theft of their mail.

Priority Investigations: The objective of this program is the investigation and resolution of ECMT gang and fencing operations.

Major Investigations: The objective of this program is the investigation and resolution of vehicle, collection box, relay box, carrier cart/satchel and co-op mailing rack attacks, and multiple ECMT offender(s), or recidivists.

Other Investigations: The objective of this program is the investigation and resolution of thefts or possession of mail from collection and delivery points not covered under priority investigations or major investigations.

Burglary (ECB): The ojective of this program is to protect Postal Service assets. Investigations will be conducted to develop evidence for the arrest and prosecution of subjects responsible for postal burglaries and recover losses.

Robbery (ECR): The objective of this program consists of the identification and prosecution of subjects responsible for the robbery.

Assaults (ECA): The objective of this program consists of protecting postal employees from assault and the public from assaults by employees. Investigations will be conducted to develop evidence for the arrest and prosecution of assailants and to present postal management information concerning postal employees' assault-related conduct.

Miscellaneous (ECM): The objective of this program consists of maintaining the integrity of the Postal Service Money Order System and to protect the public and Postal Service from losses. Included (if not covered in other External Crimes Programs) are counterfeit, raised and wrong-paid money orders, double-paid money order schemes, offenses against Postal Service assets and property and customers' mail receptacles. Also included are offenses pertaining to the counterfeiting of postage stamps, theft of postage stock marked for destuction, or the tampering of postage meters. Investigations will be conducted in identify, arrest and prosecute responsible persons and to recover postal losses.

Fraud and prohibited mailings policy statements

Prohibited Mailings Investigations: The objective of this program is to investigate and resolve the mailing of those items which are dangerous or have an unfavorable impact on the Postal Service, postal employees and/or the public. Included in this program are investigations of bombs in the mail or use of bombs/explosives against postal property or functions; use of the mails to transmit child pornography for profit and use of the mails to convey other types of obscene matter; use of the mails to traffic in controlled substances; extortion; hazardous material sent by mail; and other non-mailable matter.

Mail Fraud: The primary objective of the Inspection Service in the mail fraud area is to protect the American public from being victimized by fraudulent schemes where the use of the mail is an essential part of the scheme. This will be accomplished by a vigorous and timely investigative effort to include approaches that will provide for the quickest possible referral to the United States Attorney.

INSPECTION SERVICE MANAGEMENT PROGRAM

In the Spring issue of the *Bulletin*, the Chief Inspector announced that future issues would include articles on program management in the Inspection Service. This is the first in a series of such articles designed to help each of you better understand the direction the Postal Inspection Service is taking today.

While these articles will be presented as a series, it is important that everyone in the Inspection Service understands the interrelationship of the concepts presented. In this article we want to examine the basic elements of program management. Future articles will cover, in depth, the budget process, performance evaluations, the team concept, categorization and individual programs.

The program approach in management relates to the organization of effort toward the accomplishment of set objectives. Program management is built around four primary elements:

- Setting of objectives.
- A plan to accomplish those objectives.
- Application of personnel and material resources.
- Measurement and evaluations of results.

You will get a better idea of how we are managing the Inspection Service if we trace these elements through our program management process.

We begin with the determination of just what it is we want to accomplish as an organization. It is a process that considers our role as a public service organization, as a law enforcement and audit agency, and as a part of the United States Postal Service. It results in broad organizational objectives set by the Chief Inspector. These objectives include, for example, protecting the American public from postal-related crimes and providing professional audit service for the United States Postal Service.

This policy direction, however, is too broad and distant from the work Inspectors actually perform to permit everyone to know how to work toward specific objectives. I am sure you would agree 2,000 Inspectors could have 2,000 different ideas on how to protect the public from postal-related crime.

It is here where program management comes into play to fill that gap. Each program addresses a segment of our responsibility or jurisdiction and organizes our activities through policies and plans to meet the program objectives. If we are to meet our overall organizational objectives, we must do it by meeting our program objectives in each functional area. Taken collectively, the programs support our broad organizational objectives.

Since we have said that program management begins with the setting of objectives, let's see how this is done in the Inspection Service. The process involves the top management of the Inspection Service; the Chief Inspector, the Assistant Chief Inspectors and the Regional Chief Inspectors. Division management, Inspectors in Charge and Assistant Inspectors in Charge, take part in this effort through the Regional Chief Inspectors. The purpose in setting the objectives is to briefly and concisely identify precisely what we are trying to accomplish in each of our major program areas. There has to be a clear understanding that the purpose of the Inspection Service is not *simply* to make investigations,

make arrests, or make audits, but that we do those things in an effort to meet our program objectives. The distinction here is between the means to an end and the end itself. If we feel the purpose of our criminal program, the end, is to make arrests, then one arrest is as good as the next, and the last thing we would be interested in would be a preventative program. If we feel the purpose of our audit program is to simply complete our audits, then we will be satisfied whether or not anything is accomplished by those audits.

If we recognize, however, that our criminal investigative programs are intended to *protect* the Postal Service and its public, and that is the end purpose, then we can see how our preventative programs and our efforts to apprehend those who commit crimes we cannot prevent are both *means* to that end. Similarly, we should recognize that the end purpose of our audit program is to provide postal management with a constructive and protective service and that our audits are the means to that end.

You should all be familiar with the policy statements that were issued for Fiscal Year 1980. Those policy statements set forth the objectives in each of our major program areas. They also are a principal means of communicating to everyone in the Inspection Service what our program objectives are.

I think you can readily see how a clear statement of our program objectives is necessary to do a proper job of planning our activities. This is particularly true because our potential workload in terms of investigations and audits is virtually without limit. We could possibly find something to do for 3,000 Inspectors or 4,000 Inspectors instead of our present 2,000. The basic fact we must face, however, is that Inspection Service resources are limited, just as every other organization, public or private, has limits in the resources available to it. The point is that responsible mangement dictates that the work we do be in support of our program objectives.

The program objective is vital if we are to maintain focus in our planning and activities. It also helps us in setting priorities in the things we would like to do. Given that our resources are limited, we have to be sure we concentrate on doing those things that contribute most to meeting our program objectives.

Our primary planning vehicle is the dollar and workhour budget. A future article will deal specifically with budget preparation, execution, and control—hence, it will not be covered in detail here.

Without this plan, the budget, the third primary element of program management—that of the application of personnel and material resources—cannot be done effectively. With the plan, the workload, in line with the program objectives, can be estimated and prioritized and, most importantly, Inspector complement assigned on that basis.

This is an important distinction—Inspectors assigned on the basis of estimated workload rather than workload assigned on the basis of the Inspectors available. We have been taking steps this past year to address some of the variations in the level of attention being given our programs. We have found these variations, not only between Region and Region, but between Divisions in the same Region and even between domiciles in the same Division.

With proper program management where the program objective is clearly identified and plans and work practices consistently developed, the level of service—that is, the type of investigations undertaken and the depth of attention given these investigations—will be the same throughout the Inspection Service.

The fourth and critical element of program management is measurement and evaluation. Performance evaluations will be the topic of a further *Bulletin* article, but suffice to say if we cannot measure and evaluate our results, we cannot tell whether we are successful or not. How to measure performance is a complex determination and may add to the means/end confusion if not done properly.

A danger is when a statistical measure becomes the end as opposed to being viewed as only one of many indicators of performance. To overcome this, program and hence individual measurement is currently directed at specific accomplishments in areas identified as priority in our policy statements.

Performance evaluation supports continuation, modification, or complete change of program objectives and plans which bring us full circle to objective settings. Basically, that is how program management is being implemented in the Inspection Service. We will be emphasizing the program approach in all our functional areas. Hopefully, this article helps each of you understand more about that approach and how it will be applied in the Inspection Service. Only in this way can we ensure that everyone is working together and moving in the same direction.

Program Management

BUDGET

This is a continuation of the series begun in the last issue of the *Bulletin* about the direction the Inspection Service is taking today. In the Summer issue we talked about program management and how organizational objectives are supported by program objectives in each functional area of our responsibility. We discussed the importance of everyone knowing exactly what it is we want to accomplish and working toward that end. We talked about providing a consistent level of service in every domicile, Division, and Region. In this article, we want to discuss the planning, resource allocation, and control elements of program management as they are being implemented in the Inspection Service today.

After broad organizational objectives are set and management establishes the programs and policies to support accomplishment, we need a planning and control vehicle that spans the various levels of management to connect the efforts of each of you with program objectives and policy guidelines. That connection must include a meaningful plan on how everyone's efforts will be channeled in order that program objectives will be accomplished. It must permit tracking and evaluation in order for us to know if we, as individuals, Division, and Regions, are working toward the desired end.

In the Inspection Service, that vehicle is the workhour budget. In this article, we are not going to discuss the mechanical formulation of the budget or the forms or formulas used. If you were not involved with the process this year and have an interest, I suggest that you see your Assistant Inspector in Charge to review the FY '81 budget call.

The word "budget" means different things to different people. To many, the term budget brings to mind columns of dollar figures applied to some category of expenditure. In the Inspection Service, the term budget refers to a much more complex process—a process where workload is identified and analyzed in light of the policy direction of our programs to develop an operating plan outlining how the program objectives will be achieved. Obviously, if the program policy and direction is not clearly understood by everyone, the resulting operating plan will not be consistent from area to area and ultimately will not contribute to the accomplishment of program objectives.

You have all read the FY '80 and '81 policy statements and, hopefully, are aware of how we want to direct our efforts and, importantly, in what priority in the upcoming year. The formal FY '81 budget process began very early in calendar year 1980 and, in fact, was a continuation of FY '80 planning, refined and augmented by our experience of the past 12 months. Team leaders, Assistant Inspectors in Charge, Inspectors in Charge, and Regional Chief Inspectors critically evaluated actual and potential workload to determine how it aligned with program objectives and how it contributed to accomplishment of program objectives. How resources (workhours) were applied in support of program objectives became the focus. As discussed in our Summer article, we must all be working toward our program objectives if we are to meet our overall organizational objectives. This means a consistent level of service in the priority of our program policies.

To better explain, let us look at one example from the FY '81 budget process. We found the priority of our prevention commitment was not adequately supported. Our programs in criminal areas are built around prevention as the best means to accomplish our goal—a postal customer population free of postal-related crime. Consequently, our prevention projects were expanded by additional workhours to direct a larger effort in the preventive area—again in support of program objectives.

Our ECMT projects included a level of service policy for check complaints to be used as a measure in providing a consistent level of service. In areas where traditional service had been greater, i.e., more investigative effort had been applied than the policy directed, workhours were reduced. Where the traditional service had been less, i.e., we were not providing the minimum level of service indicated in the policy, workhours were expanded.

I think you can all see how the budget impact of this policy was different in different parts of the country. In areas where a greater level of service had been provided and workhours were reduced, the policy might have appeared to represent a cutback. In areas where the level of service provided was less than the policy statement required, the impact might have appeared to add emphasis to check investigations. *In reality*, the policy for the first time established a consistent level of service to be provided to the investigation of check complaints. The resulting adjustments in the budget reflected a plan to implement that policy.

In each functional area of responsibility, the same process began to shape an operating plan (budget) to provide a consistent level of service in support of program policy statements. I am sure you can see the implications of such a plan. It supports decisions on staffing, responsible decisions about how many workhours and subsequently Inspectors should be assigned to a geographical area to accomplish program objectives. It is not a process that starts with a given number of Inspectors extended to a number of workhours and then divided among several work projects. It is, instead,

a process that defines and evaluates the workload that supports program objectives and identifies the number of workhours and subsequently Inspectors necessary to accomplish that workload. This is an important difference. In the FY '81 budget process it will result in the reallocation of resources—Inspector positions in support of a consistent level of service nationwide and a consistent effort in support of our programs.

The development of the operating plan is a multi-step process which includes planning input from each level of management, i.e., Division, Region, National, in line with the organizational responsibility of each level. The Inspector in Charge through his Assistant Inspectors in Charge and team leaders apply the policy direction of our programs to the work load generated within their geographical area of responsibility. From this plan they develop their staffing and dollar requests for the upcoming year. These requests are reviewed and consolidated at the Regional level, and again subjected to the criteria of program policy. Regional Chief Inspectors meet with Inspectors in Charge and review and modify to insure consistent effort in support of program objectives.

A consolidated Regional operating plan was prepared and submitted to National Headquarters followed by a similar process. The development of the '81 operating plan was discussed in depth at top management levels several times throughout the year and ended with a half day meeting with each Regional Chief Inspector to review in detail the Regional requests. Here again, but in a broader sense, policy direction of our programs was applied to the workload developed at Division and Region levels to insure a consistent level of service in our various programs in Fiscal Year '81. Throughout the stages of development of the operating plan, meetings were held with postal managers in the Regions and Headquarters to get their input, particularly into Audit planning. This included a meeting with both the Postmaster General and the Deputy Postmaster General to discuss the direction and depth of our Audit effort in the upcoming year. Adjustments were made inter-Regionally to correct any inconsistencies. Finally, dollars were applied to our National operating plan before budget submission to the Finance Group at National Headquarters for approval.

Concurrent with submission of our dollar budget to the Finance Department, the Chief Inspector prepared a summary of our overall operating plan for forwarding to the Postmaster General. This summary outlined our policy direction in major programs and highlighted in each area the level of service we will provide and the objectives we hope to accomplish. Basically, that is how the budget operates as a planning and resource allocation instrument in the Inspection Service today.

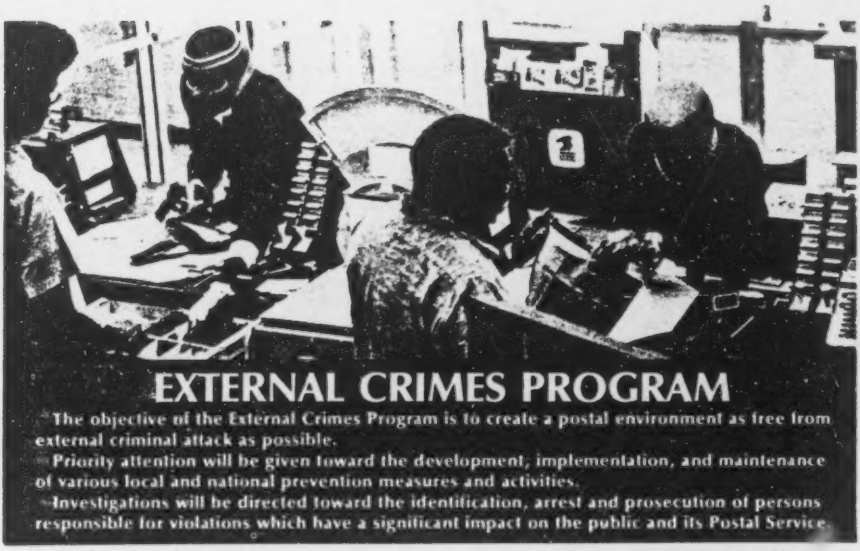
The budget also supports the necessary management elements of control and evaluation. As part of the budget process, a workhour plan is developed for each project for each Division and each Region. This plan reflects our priorities and policies and lends support to just what it is we want to accomplish in those projects. This plan becomes a measure against which we evaluate how our efforts are utilized throughout the year. That does not mean that we move Inspectors from one assignment to another or from one case category to another solely for the purpose of making actual workhours match planned ones. It does not mean that we reassign Inspectors from high priority work because the plan has been exceeded in order to increase workhours in lower priority projects where workhours are "under." It means that to the extent our planning is accurate, we will utilize workhours as indicated in the plan (budget).

Deviations will occur. A rash of robberies requires the priority attention specified in the policy statements. Workhours necessary to deal with the problem will be assigned in spite of budgeted project hours. Adjustments may be made inter-Divisionally or inter-Regionally, or lower priority projects may end the year under plan. The point is that we adjust for the unexpected but always in line with the priorities of our programs.

As another example, if the financial audit program develops unexpected major problems in the financial management of one or more post offices, the audit budget may have to be adjusted. The AF program must be completed to support the certification of the financial statements of the Postal Service. Consequently, either an inter-Divisional or inter-Regional adjustment will be made or lower priority work in audit, criminal, or security projects will be curtailed. At any rate, the AF work will be completed and not to the detriment of other high priority work. The deviation from budget in the effected project is explainable, necessary, and proper.

Actual versus planned hours become one of many measurements of performance. This measurement is not whether by hook or crook we make the actual workhours match planned hours, but rather how workhours are utilized in support of program objectives. It is whether the cases and audits support accomplishment of what it is we want to do in our programs. Performance evaluation will be the subject of a future article and it will not be discussed in further depth here.

Basically, that is how the budget is being utilized in the Inspection Service today, a planning, resource allocation and control instrument. I think you can all see how this discussion is a continuation of the article on program management from the Summer issue of the *Bulletin*. If the concept of program management and budget in the Inspection Service is not clear to you, I suggest you may want to reread these articles. In the next issue of the *Bulletin* we will begin coverage of our individual programs and provide more detailed discussion on the direction each will be proceeding during Fiscal Year 1981.



EXTERNAL CRIMES PROGRAM

The objective of the External Crimes Program is to create a postal environment as free from external criminal attack as possible.

Priority attention will be given toward the development, implementation, and maintenance of various local and national prevention measures and activities.

Investigations will be directed toward the identification, arrest and prosecution of persons responsible for violations which have a significant impact on the public and its Postal Service.

This is the third in a continuing series dealing with Program Management and the direction the Inspection Service is taking today. The two previous articles in this series set forth the basic elements of Inspection Service Program Management. In this article we are going to cover the External Crimes Program and how the basic elements of program direction apply for Fiscal Year 1981.

" . . . two-point attack, crime prevention and criminal investigations."

The External Crimes Policy Statement, the lead-in to this article, defines the objective of the program: *a postal environment free from external criminal attack*. This can best be accomplished through a two-point attack, crime prevention and criminal investigations.

The External Crimes Program is divided into seven functional areas with individual program statements consistent with the External Crimes Policy. These statements set forth specific program direction in each area.

The first area, External Crimes Prevention (ECP), emphasizes crime prevention activities designed to combat external crimes. The security countermeasures program is an example of prevention effort introduced in the Postal Service several years ago with much success. Yet, there are other ways to prevent crime which involve the education and involvement of potential victims. Crime prevention isn't new and certainly wasn't invented by the Inspection Service. Today most, if not all, law enforcement agencies have some type of Crime Prevention Program.

". . . shared responsibility . . . between the Public and Postal Employees, and the Inspection Service."

As we enter the 1980s, crime has never been more prevalent. Victims of crime not only want law enforcement agencies to conduct investigations after the fact, but want to know what is being done to prevent the crime from occurring in the first place. Law enforcement can't do it alone—so enter crime prevention, which sets into motion a new educational process to create shared responsibility. In ECP that shared responsibility is between the public and postal employees, and the Inspection Service. ECP is proactive, in that we do not sit by waiting for a problem to correct itself. The statement, "It doesn't do any good to close the barn door after the horse is out," amplifies the need for aggressive crime prevention to ward off problems in advance.

We've been talking about preventing external crime for a number of years, but furnished little program direction. Divisions and individual Inspectors were required to develop their own ways to prevent crime, and consequently there was an inconsistent level of service. To develop an ECP Program for FY 81, a task force was formed with each Region contributing one Inspector, and the position of National ECP Program Manager was established at Headquarters. Each of the task force members was responsible for collecting all current ECP projects or ideas under way within his Region. The task force as a whole combined these individual efforts into consistent ECP Projects.

"It was necessary to evaluate criminal activity and . . . supply sufficient ECP resources for a consistent level of service nationwide."

The development and completion of these projects took longer than initially planned but was necessary to ensure the best possible product for national dissemination. It was also necessary to coordinate the projects with other Postal Service Headquarters elements such as Delivery Services and Employee and Labor Relations.

Budgeting for necessary ECP resources for Fiscal Year 81 was a difficult process. It was necessary to evaluate criminal activity and attempt to supply sufficient ECP resources for a consistent level of service nationwide. Several months prior to the beginning of FY 81, meetings were held at each of the five Regions. Assistant Inspectors in Charge for External Crimes were furnished information on ECP Projects being developed. This aided them and the ECP Specialist in planning the Division's ECP activities for the entire year.

Fiscal Year 81 will be a learning process both at Headquarters and in the Field. It's expected that innovations and new ideas will be generated. These new ideas and suggestions will be furnished to Headquarters prior to development. This is not intended to stymie innovation in the Field, but to avoid duplication by Divisions or Regions and to ensure good ideas are distributed nationwide. This will help maintain a consistent program and level of service. In most cases, original ideas will be referred back to the originator for development.

Crime Prevention is not intended to replace our criminal investigative effort but instead, to complement that effort in combatting crime. We realize all crime cannot be prevented.

" . . . all violations are important, but priority attention must be first given to those which have the greatest impact on the Public and the Postal Service."

The principal effort in the External Crimes Program is criminal investigation and the remaining six functional areas focus that effort. Each of our investigative areas in External Crime has a policy Statement outlining the objective of our efforts in that area. There is also a Level of Service set forth for various types of investigations and categorization of cases designed to establish priorities. With our limited resources it is clearly impossible to investigate every alleged violation. Therefore, these statements and categorization help channel resources to their most productive uses—*those which have the greatest impact in meeting program objectives*. It is necessary for Inspectors to understand that all violations are important, but priority attention must be given first to those which have the greatest impact on the public and the Postal Service. It should also be kept in mind that these guidelines are not ironclad, but are general rules designed for ordinary situations adaptable to extraordinary conditions.

As we discuss the various investigative areas, one important factor should be kept in mind. While consideration is given to prosecutive attutudes, this cannot be and is not the controlling factor in dictating a level of service. Department of Justice studies have shown there is an inconsistent level of service afforded by various U.S. Attorney's offices. Some criminal violations prosecuted in one area will go unprosecuted in another district because of inconsistent staffing in relation to workload. These offices locally have the same problems as all organizations, i.e., limited resources. They cannot prosecute all cases and therefore establish guidelines for cases they will or will not prosecute based on priorities. They are trying to accomplish on the local level what the Inspection Service is doing nationwide.

We cannot let geographic inconsistencies of other agencies adversely affect our efforts. Some mail theft offenses may not be investigated even though a U.S. Attorney is willing to prosecute. On the other hand, assault offenses not meeting prosecutive guidelines will be investigated regardless.

". . . If the quality (of arrests) improves, the quantity should naturally decrease."

Let's first discuss the largest functional area from a resource standpoint in External Crimes, Mail Theft (ECMT). Over the years in ECMT we developed an evaluation system based almost entirely on arrest production without establishing clearly our program objectives. Arrests became the driving force in ECMT synonymous with production and success. Some years ago the quality versus quantity of our arrests in ECMT was recognized as a serious problem, and criteria were set up establishing when an Inspector could legitimately claim an arrest. The attempt here was to improve the quality of investigations without facing the reality that if the quality improves the quantity should naturally decrease.

Let's draw a comparison between ECMT and traffic enforcement. Let us suppose the purpose of traffic enforcement is to make the streets and

highways safer. We decide to evaluate an officer's performance by the number of citations issued for moving violations. On one day an officer issues five citations for speeding violations of 5 mph over the legal limit on a deserted country road. A second officer issues only one citation on this day. That, however, was for a driver speeding recklessly through a school zone area at 30 mph in excess of the limit with children present.

Which officer has accomplished more towards the goal of making the streets and highways safer? The second officer, of course, but based on the department's statistical evaluator of the number of citations issued, the first officer would be evaluated as performing better.

". . . If ECMT meant arrests and we were reevaluating the importance of arrests, then it was incorrectly assumed we were reducing our mail theft investigations and program."

This was the same situation faced in ECMT. Too much importance was being placed on the number of arrests and not enough devoted to the impact/priority of the offenses being investigated. We might ask, *"which is the most productive in accomplishing our objective?"*—the arrests of 20 individual check thieves for 20 checks, or the arrests of five gang members responsible for 200 checks?

The quantity of arrests continued to be the primary measure of not only individual Inspectors but also our ECMT program. More recently an attempt was made to address this problem by putting our arrests in perspective and by recognizing the relative low priority of working "single check" complaints; thereby, presumably saying to you that we want to concentrate on higher priority investigations. These two things have on occasion been incorrectly perceived by the field as a major reduction of our External Crimes Mail Theft effort. In other words, if ECMT meant arrests and we were reevaluating the importance of arrests, then it was incorrectly assumed we were reducing our mail theft investigations and program.

This problem was not only one of perception by Field Inspectors but also Inspection Service Line Management. The result was a decrese in requested budget resources over a several year period. We began a reversal of that trend this year by increasing our combined mail theft investigative and preventive effort 9%, or approximately 35,000 hours over FY 80. But what was it we were doing? What was the objective of our ECMT Program? Were we accomplishing anything worthwhile?

We first needed to find out exactly what was happending in the Field. Last year we conducted a national survey of our ECMT Program. The results were not all that surprising. We were performing five separate levels of service in our investigations. Levels of service were frequently dictated by staffing rather than a program objective. It was determined that the resources cut over the several year period from ECMT were not necessarily in areas of lower priority investigations but, to the contrary, were often cut in metropolitan areas with a large amount of priority work.

The survey identified another problem. This involved a wide difference in the interpretation of what constituted a priority investigation. In order to force-fit investigations into a higher category, liberal interpretations were being applied to what constituted a gang or fencing operation. This was done not on the basis of the impact of the investigation, but rather to meet established objectives which required a certain number of Category 1 arrests.

"Definitions clearly define terms . . . to counteract . . . 'force-fitting' . . . and establish consistent definitions nationwide."

In attempting to develop a meaningful program, it was necessary to first establish our objective. Then it was necessary to designate investigative priorities in support of that objective. In other words, which investigations had the greatest impact? Definitions were established to clearly define terms such as fence, gang, multiple offender, and recidivist. These definitions were not intended to be overly restrictive but were necessary to counteract the problem of "force-fitting" identified through our survey, and establish consistent definitions nationwide.

After the objective was set and priorities developed, it was necessary to budget for needed resources. How much time was required to accomplish our work? All Category 1 and 2 offenses require investigation; however, to establish a consistent level of service, attention to Category 3 work must be universally applied Division, Region and Nationwide.

At the Division level, AIC's and Team Leaders needed to forecast workload for the coming year. Therefore, it was necessary to get investigative hours out of area cases into specific case subjects so we know where our time is going and how much is needed for specific work. This is information AIC's and Team Leaders need for the planning process.

A concern has been vioiced suggesting you cannot learn about the higher priority violations unless you investigate single checks. There is nothing in the level of service for ECMT that says single check items will not be investigated. A consistent level of service is set forth on how those investigations will be conducted until a suspect is identified. At that point, it requires questioning the

reason to conduct additional investigation. An important consideration is the possibility of developing a confidential informant or a higher priority investigation.

If an Inspector receives information from a police department reporting an individual is under arrest for attempting to negotiate a check stolen from the mails, there is nothing to prevent that Inspector from conducting an interview of the arrested individual. But, if the interview fails to lead to anything additional, the Inspector should move on to other work. To maintain an open case for arrest and conviction credit would not be an efficient utilization of our resources. Since the investigation is complete, it certainly is not providing assistance to the overall judicial system, nor our objectives.

". . . Resources are channeled into higher priority cases. . . . which have the greatest impact . . ."

Pause one moment and think about what has been referred to as the "single check case." It isn't as if we have suddenly terminated an all important service we were previously providing to the public. That might be true had we been investigating all single check cases. We were not. Our evaluation process encouraged us to work the easy cases first, those which lead the fastest to an arrest so we could move on to the next arrest.

There is now an ECMT Program, with a straightforward purpose. Resources are channeled into higher priority cases, which have the greatest impact on the objective. Those priorities were decided on by top Inspection Service management, but based on much input from field Inspectors through the national survey.

Let us now look at the other External Crimes investigative programs, Robberies (ECR), Assaults (ECA), Burglaries (ECB), Money Orders (ECMO), and Miscellaneous investigations (ECM). As in ECMT, we clearly identified the objectives of these programs, conforming with our External Crimes Policy Statement. In general, these areas clearly define our responsibility—conducting criminal investigations. In line with that, we will be functioning less in areas where the sole purpose was for administrative or collection purposes. Changes were made which will lead to a more efficient utilization of our resources. Areas where there may have been some doubt as to the priority of investigations have been defined. Robbery, assault and burglaries are virtually unchanged. These have always been high priority investigations, and now each have program and level of service statements to enforce this. Both physicial and non-physical assaults have been clearly defined as priority investigations which require immediate investigative attention. The major change relating to robberies and burglaries, which also impacted on our money order investigations, is that money orders stolen in those offenses will be worked under the parent burglary or robbery case. This will lend itself to a more efficient utilization of investigative resources and coordination of information.

Reflecting on robberies and assaults, the safety of people—both postal and non-postal—is the highest of all priorities. This is why all assaults require attention. When information is received regarding a planned robbery, it should be prevented prior to taking place, even if it doesn't afford the best prosecutable case. Why? In FY 80 five postal employees and one customer were murdered during postal robberies, and nothing is more important than protecting lives.

Because stolen money order stock will now be investigated under the parent theft case, whether it be ECR, ECB, ECM, FD or ITR, this has greatly reduced the investigative responsibility in ECMO. Other changes to ECMO investigations were made to improve investigative efficiency—establishing the National Money Order Coordinator position at St. Louis, and not conducting investigations solely for administrative or collection purposes. Inspectors in Charge are given leeway in deciding whether wrongly paid money orders should be investigated. Also, double paid money orders will only be investigated in repeat instances where there is a definite scheme to defraud the Postal Service.

" . . . (The) External Crimes . . . Program is . . . vitally important . . . to the mission of the Inspection Service and . . . the Postal Service."

Our Miscellaneous investigations consist of all other External Crimes violations which are not covered by a specific functional area. There are some important high priority investigations as well as low priority offenses, identified by category designation. Some investigations formerly conducted in this series have been transferred to more appropriate case series, outside of External Crimes.

In closing, we will put to rest the rumor that External Crimes is being deemphasized. The program is alive, well and vitally important to the mission of the Inspection Service and the overall responsibility of the Postal Service. The crime prevention and investigations of this program are for offenses which directly attack the Postal Service, its employees and their primary responsibility—delivering mail.

AUDIT PROGRAM MANAGEMENT

This is the fourth in a continuing series about Program Management and the direction the Inspection Service is taking today. The first two articles in this series set forth the basic elements of Inspection Service Program Management. The third article dealt with the External Crimes Program.

Most everything we do, either individually or organizationally, begins with a plan. This is true of the most basic activities to the most complicated undertakings. Plans can be written or unwritten but one thing is clear, the chance of achieving intended goals or desired results is greatly increased with proper planning. Obviously the larger the organization and the more diverse its activities, the more detailed and thorough the plans need to be.

The planning process in the Inspection Service begins with an overall policy statement. In audit it is the policy of the Inspection Service to conduct independent examinations and evaluations of Postal Service activities at all levels of organization as a **constructive** and **protective** service to management. Each audit program then, whether it be service, operational, or financial in nature, has as its ultimate and primary objective to provide this service to management. What is considered "constructive and protective" will vary from time to time and will be affected by such things as public concern, legislative action, budget constraints, and the needs of the Postmaster General and top postal management.

Providing a service to management does not mean the Inspection Service loses its independence or performs its assigned audit responsibilities outside of established professional auditing standards to satisfy these demands. Quite the contrary. It means that within the standards for audit of governmental organization, programs, activities, and functions, established by the Comptroller General of the United States, the Inspection Service, while maintaining its independence, remains responsive to the needs of postal management. (This is to assist in accomplishing the basic objective of the Postal Service—the timely delivery of the mail.) We must not lose sight of this basic mission. The Postal Service is in business to provide a quality communications service to the public. We must be supportive of that effort. As such, our audit programs are designed with this end in mind.

The audit policy of the Inspection Service is achieved through our various programs, each having specifically stated objectives, strategies and priorities. Our financial audits, for example, are performed to enable an opinion to be expressed at year-end on the fairness of the consolidated trial balance of the United States Postal Service, to determine that assets are properly protected, expenses are reasonable and revenues are properly collected and reported, and to be alert for and sensitive to defalcations and misappropriations.

In Fiscal Year 1981, these specific objectives are being accomplished through audits of 300 statistically selected post offices, continuous audits at the four Postal Data Centers, ADP reviews, payroll audits, and investigations of revenue deficiencies. Thus, our audit programs, as in the case of financial audits, provide clearly defined objectives, priority, and direction toward a constructive and protective service. These objectives and priorities are set out in comprehensive policy statements, copies of which were provided each field Inspector.

Remember, our audit programs, like other Inspection Service programs, must be responsive to the public and postal management. They, therefore, need to be designed and directed to improve postal services to the maximum extent possible. They cannot be designed to fit the needs of a particular Inspector, Division or Region. They need to consider cost/benefit issues, risk analysis, budget impact, etc. They must provide a service.

As vital as the planning process is, audit program objectives can only be accomplished through people. Through the budget process, human resource needs are quantified and allocated to the various audit programs based on stated priorities and objectives. The budget is used both as a planning and control device. It provides one measurement of planned audit objectives and our success in achieving those objectives. It is only one yardstick of program success and we must be flexible in applying this measurement. Audit programs must adapt to changes, and these changes need to be considered when reviewing significant variances in budget plan line items.

In the final analysis, the true success of our audit effort will be measured by the quality of the results and the degree to which it helped the Postal Service achieve its mission. Numbers of audits completed and the fact that a program was

on budget are not of primary importance—*substance* is the important ingredient. To achieve this, responsibility for audits has to be delegated, with each level of the Inspection Service accountable for its role in the end product. Measuring the success of our audit effort involves focusing on individual audit tasks. The results of our audits in terms of benefits to the Postal Service are directly related to the performance of the leader and members of the audit task force.

The evaluation process begins with the Assistant Inspector in Charge at the Division level and moves through the various levels of management to the Chief Inspector. The Assistant Inspector in Charge for Audit provides an independent evaluation of his programs and the effort contributed by audit Inspectors assigned to him. The Assistant Regional Chief Inspector for Audit, in turn, makes an independent evaluation of Division audit results. Finally, the Assistant Chief Inspector for Audit evaluates Regional program results. In each case, the results are measured against the audit program objectives. In this way, the process allows for accountability over audit programs and program accomplishments.

An important element of the audit program management process is assessment. Audit programs must be continually assessed to assure they are consistent with the management direction and overall policy of the Postal Service and truly provide a constructive and protective service to management. The value and effectiveness of audit programs viewed in light of the overall Postal Service mission is critical.

Some of our audit program changes and revisions during the past several years in financial, service and contract audit programs demonstrate the adjustment process that occurs because of our continuous assessment of audit programs and related Postal Service policies and objectives. For example, our service audit program has remained relatively stable for the past ten years. One of the major considerations of postal management at all levels is the cost of Postal Service operations. In the areas covered by our service audit program, those costs primarily relate to the collection, processing, transportation and delivery of mail. Heavy emphasis is being placed by all levels of management in the U.S. Postal Service on achieving optimum productivity levels in both the mail processing and delivery service operations.

The current service audit program has served management well during past years by identifying cost reductions, but it has become less effective in some areas because of the cumulative effect of past audits by the Inspection Service and improved Postal Service management and controls. A review of recent service audit results disclosed that it is time for an adjustment in the audit scope to allow us to focus our resources on specific areas that continue to provide maximum cost reduction and service benefits to the Postal Service.

In Fiscal Year 1982 the main thrust of our service audit program will be to provide an in-depth analysis of both the efficiency and effectiveness of mail processing mechanization utilization, all other manual mail processing operations and the city delivery services program. All other areas, such as the collection service, MVS interstation service, station and branch work force utilization, associate office staffing, parcel delivery service, special delivery and transportation, will receive attention to the extent necessary to allow a property evaluation of the mechanization, manual mail processing and delivery services operations.

Our operational audit program is designed to review specific Postal Service functions, programs, and other activities affecting Regional or national policies, procedures, and practices. The selection of the specific functions, programs, or activities to be audited is not done haphazardly or at a whim. Again, the idea is to provide the best possible service to postal management. To achieve this, as part of the program assessment process, we have taken a hard look at our subject selection process to assure our resources are most effectively used. We now work very closely with heads of the various Headquarters Groups and Departments to determine what their concerns and problems are and how we can best assist them in meeting their objectives for a better Postal Service. Each year during the budget formulation process, we meet with top postal management to identify meaningful audit subjects. This is augmented with recommendations from the field which has proved to be a valuable part of this process.

Another example of the need for program assessment is in the area of EDP auditing. Everyone is aware of the rapidly changing EDP environment. Effective program management dictates that we assess related audit programs and refocus our efforts to current needs. In regard to our EDP audit programs, we have done just that. In addition, we are now making an in-depth assessment of future needs.

By assessing our audit programs in these ways we take a responsible role in assisting the Postal Service provide a mail service second to none.

In summary, our audits must be designed to achieve clearly defined objectives, balancing program costs against benefits expected. This is accomplished through program management which, having identified needed resources through the budget process, provides for performance measurement and program assessment to assure continued success.

Program Management

MAIL FRAUD

"The purpose of each Mail Fraud Program is to direct our investigative activities through policies which channel resources to their most productive uses."

This is the fifth in a series of articles on program management in the Inspection Service. As we have previously discussed, programs are the means by which we carry out the long-term strategies of the organization. Before we go into the specific elements of our mail fraud programs, it may be well to briefly review the planning process that leads to the development of those programs.

Strategic planning is done at the top of the organizational structure. For the Inspection Service, the Chief Inspector, Assistant Chief Inspectors and Regional Chief Inspectors are charged with that responsibility. Peter Drucker defines the strategic planning process as, "The task of thinking through the mission of the business, that is, of asking the question 'What is our business and what should it be?' This leads to the setting of objectives, the development of strategies and plans, and the making of today's decision for tomorrow's results. This clearly can be done only by an organ of the business that can see the entire business; that can make decisions that affect the entire business; that can balance objectives and the needs of today against the needs of tomorrow; and that can allocate resources of men and money to key results."

The decisions made in the strategic planning process shape the overall objectives of the organization. The objectives typically should be enduring and timeless. For example, our organizational objective in mail fraud is, "To protect the American public from being victimized by fraudulent schemes where use of the mail is an essential part of the scheme."

From this broad objective evolves a number of planning strategies and the establishment of goals, both long- and short-term, designed to move us in the direction dictated by the overall objective. To achieve these goals, programs are developed and these programs become the responsibility of the entire Inspection Service structure. Simply stated, Headquarters is responsible for program development, Regions for program oversight and Divisions for program implementation.

There are certain factors involved in each program whether large or small, long-term or short. The scope must be defined and a program statement prepared. There must be guidelines for implementation, resources committed, evaluators developed and a monitoring procedure established.

This process has given us four specific mail fraud programs: Consumer Protection, Special Fraud, Major Fraud and Miscellaneous Fraud. Each in its own way is designed to move us towards achievement of our overall objective of protecting the mail user.

Four specific Mail Fraud Programs: Consumer Protection, Special Fraud, Major Fraud and Miscellaneous Fraud.

Prevention should be an integral part of any effort to combat crime, and that includes mail fraud. But mail fraud does not react to conventional prevention methods such as safes and alarms employed by the Postal Service in its security countermeasures program. Webster has defined fraud as "the intentional deception to cause a person to give up property or some lawful right." Therefore, it was necessary to design a prevention program which, in large part, was dependent upon the reactions of a potential victim.

The importance of crime prevention has long been recognized by the Postal Inspection Service. In 1959, Chief Postal Inspector D. H. Stevens wrote, "We feel now that the cost to the public of crime committed by mail is so tremendous that only widespread awareness of the frauds and deceptions foisted upon the unsuspecting can help break the back of these vicious rackets." Since that time, we have often verbalized our commitment to mail fraud prevention. Yet until this program was initiated in Fiscal Year 1980, there was no national direction or commitment to accomplish what we had been saying was a highly important and vital part of our mail fraud effort.

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"The Consumer Protection Program is designed to prevent mail fraud through education of the consumer."

The Consumer Protection Program is designed to prevent mail fraud through the education of the consumer. To accomplish this, at least one Inspector in each Division and one Inspector in each Region is assigned to work with consumer protection groups and other public and private agencies to educate consumers and inform the public of ongoing mail fraud schemes so they will be equipped with information to protect themselves from being victimized by fraudulent promotions. Inspectors use the media, the mails, and personal appearances to convey this information to the public.

During Fiscal Year 1980, Inspectors made more than 2,600 radio and television appearances, personally addressed over 1,400 groups and were responsible for more than 1,500 newspaper and magazine articles containing information on mail fraud.

"Is Consumer Protection working?"

Yes. We are receiving more complaints from postal customers who have been victims of mail fraud schemes and are receiving this information faster. For example, 155 investigations were initiated in the last nine months based on information provided in response to just one of our recently distributed mail fraud informational brochures. Also, we are receiving information from concerned postal customers alerting us to suspicious mail order promotions. This type of information has, on occasion, enabled us to get a jump on some promoters and place them out of business before they claim any victims.

"Prevention is not a total answer."

But prevention is not a total answer. People will continue to possess a certain blind faith and there will continue to be promoters with schemes to relieve them of their money or property. There will always be investigations and these must include approaches which will provide for the quickest possible referral to the United States Attorney so as to minimize the number of victims and the proceeds a promoter could receive from a fraudulent promotion.

In determining the direction of our investigative effort, we had to be responsive in several areas. Our reputation is built on the perceptions of different people and institutions as they continually assess this responsiveness. The Justice Department, the Postmaster General, the Congress, and the public all have different criteria by which they judge our efforts. These had to be considered as we developed our mail fraud programs.

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In our planning for the mail fraud programs, we have set investigative priorities which direct our resources to those situations having the greatest impact on the public and on the integrity of the U.S. Postal Service. We occupy a unique position in the federal law enforcement community in that we also have a responsibility to an organization whose primary concern is its service to the postal user. It is not realistic to assume that there is an endless supply of human resources to be used in all situations where the Mail Fraud Statute might be an adjunct to other more appropriate statutes or in those situations having minimal affect on the public and the U.S. Postal Service. It is by establishing priorities that we are able to be responsive to both the law enforcement community and the objectives of the U.S. Postal Service.

The Special Fraud Program directs attention to those investigations which by virtue of class of victims, or type of fraud are of national importance.

The Special Fraud Program directs investigative attention to those mail fraud investigations which by virtue of their class of victims, or type of fraud, are of national importance. Included in this high priority area are frauds against the Postal Service, and fraud schemes in which the potential for victimizing the public is acute such as energy, medical, and work-at-home fraud.

There is probably no fraud scheme with higher victim potential that has spread faster than work-at-home. For almost 30 years the concern of the Inspection Service over these types of schemes has continued to be voiced, but we now have national direction given to a structured approach for the elimination of these schemes. No longer do we wait to receive a complaint concerning a work-at-home promotion. Inspectors in almost every geographical area of the United States monitor publications known to contain this type of advertisement. They initiate test purchases in order to secure the evidence needed to stop the fraud promotion either through voluntary discontinuance or administrative action under Title 39, United States Code, Sections 3005 and 3007 and, where appropriate, criminal prosecution. The initial results of our efforts have been outstanding. In the first six months since we began this approach, over 2,000 separate promotions have been stopped. Yet, this is just the "tip of the iceberg." Almost every conceivable type of publication, from the weekly shopper to nationally distributed magazines, continues to publish work-at-home promotions. Therefore, we must continue our resource commitments to identify and put out of business all work-at-home schemes if we are to meet our long term objective of eliminating this type of mail fraud scheme.

Our principal investigative effort in mail fraud is directed to the Major Mail Fraud Program.

Our principal investigative effort in mail fraud is directed to the major Mail Fraud Program. The cases in this category use 65% of the total resources devoted to mail fraud.

The program has been structured to ensure our efforts are concentrated only on cases appropriate for investigation by the Inspection Service and with good potential for federal prosecution and/or administrative action. Priorities were set for each type of mail fraud investigation in which we might become involved. The intent of this effort was to reduce or eliminate the assignment of human resources to situations where we "reached out" to apply the Mail Fraud Statute or duplicated the efforts of other investigative agencies. Priorities also provide the framework for a more consistent level of investigative attention in fraud throughout the United States.

Among judges, prosecutors, and other law enforcement agencies, the Inspection Service has the reputation of being the "experts" in mail fraud. Assigning priorities to focus our human resources on those investigations having the greatest impact on the public and which are consistent with the Department of Justice policy and prosecutive guidelines will serve to enhance that reputation.

The Miscellaneous Fraud Program deals with cases of lower priority

The Miscellaneous Fraud Program deals with cases of lower priority and provides budget flexibility as it identifies those cases which may, of necessity, not be investigated if higher priorities prevail.

In all of our investigative programs we have emphasized the use of our civil administrative proceedings (Title 39, U.S. Code, Section 3005/3007) to minimize the number of victims and deny the promoter the proceeds from a fraudulent scheme. We knew Inspectors did not have confidence in requesting action under these statutes. All too often in the past it took several months to act on these requests. At times action came too late to be of value in the investigation. To overcome this, we established an agreement with the U.S. Postal Service Law Department wherein Inspectors with law degrees were selected to process requests for civil/administrative actions thereby assuring a timely response. Their duties include preparing the 3005 complaint, 3005/3007 pleadings, interrogatories, expert witnesses, affidavits and, as necessary, assisting in 3005 hearings before the administrative law judge. Although there will be times where civil/administrative action will be the most effective method of protecting the consumer, it is also a tool that is more and more frequently being used to complement cirminal proceedings. During the first six months of Fiscal Year 1981, requests for civil/administrative action increased by 33% over the same period last year, False Representation Orders increased by 32% and more importantly, Temporary Restraining Orders filed in U.S. District Courts increased by 44% during this same period.

The purpose of each of the mail fraud programs is to direct our investigative activities through policies which channel resources to their most productive uses—those which have the greatest impact in meeting the primary mail fraud program objective. The business community and the individual consumer anticipate and are entitled to our maximum practical effort in combating mail fraud. The activities of the Inspection Service are necessarily responsive to the objectives and priorities of the U.S. Postal Service but there are also responsibilities to protect the public and to the other members of the law enforcement community. Our mail fraud program has been designed to meet these responsibilities.

CASE CATEGORIES 123

by Inspector A. R. Caggiano, Office of Administration

This article is part of the continuing series on program management in the Inspection Service. Previous articles have discussed specific programs, identifying their objectives and strategies designed to accomplish the program's purpose; however, this article will focus on the implementation of case categories and the function they serve as the initial step in the program management approach.

What are case categories?

The Inspection Service uses priority designations of category 1, category 2 or category 3 on all cases. Category 1 cases are those investigations or audits having the greatest impact on the Postal Service. An example is a case dealing with the embezzlement of COD funds or a case involving physical assault upon a postal employee. Category 2 cases are those representing the greatest portion of the overall Inspection Service workload and impacting directly on the Service's commitment and mission. These cases (Category 2) require the bulk of our efforts in most case categories. An example is a case of an altered or raised postal money order or a non-physical assault upon a supervisor by an employee. Category 3 investigations, while being a lower priority, may still require prompt attention. Examples of these cases are matters involving interception or obstruction of mail by a non-employee or damage to collection boxes. The case categories are simply a way to place priorities on Inspection Service efforts within each functional area.

What is the origin of case categorization?

In 1976, Inspection Service management realized there was a lack of quality measurement of effectiveness. There was a need to improve the meaning of the Service's accomplishments and to improve the utilization of resources, *i.e.*, Inspector workhours. Measuring all arrests with an equal weight did not give a true picture of effort and accomplishments. Management thus decided it was necessary to measure quality over quantity. In 1977 the FBI also undertook a similar rethinking of its success measurement system and decided to identify its investigative priorities by using a grouping system, e.g., investigations were grouped into either Priority I, Priority II or Priority III. A GAO study concluded, however, that the FBI had not established consistent

nationwide priorities for its investigative effort and had failed to accomplish categorization by priority. Their recommendations indicated, however, Inspection Service intentions to establish a categorization system were on target.

The Inspection Service formed a project team to define how the cases, as listed in the *CFM* at that time, would be categorized by priority. Each Headquarters functional area assigned a case category to the subject codes already identified. This case category number was designed to be added to all cases on hand as of October 1, 1977, the date of implementation, and to all future cases jacketed. Forms 512–A were changed to allow for the categorization of case work being reported each month.

What is the purpose of case categorization?

Inspection Service management designed case categorization to provide information on the distribution of its investigative resources. Also, the Service, as a public service organization within the Postal Service, must respond to inquiries about its effectiveness. Over the years, it was able to report accomplishments, such as the number of arrests, convictions, or audits completed each year; however, times changed and the concern went further than sheer numbers, as people began to ask what do the numbers mean and what do they represent.

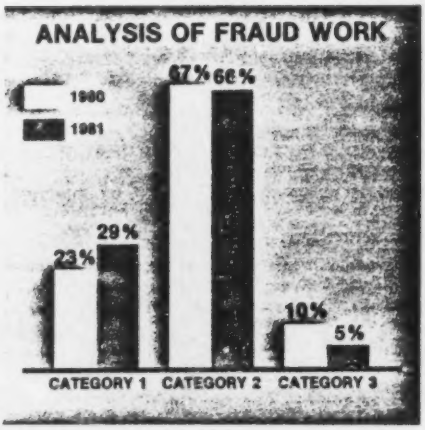
The pivotal point in the concept occurred when management asked the question, "What is important?" Management saw a need to refine Inspection Service efforts and redefine its purpose, keeping in mind the commitment to the Postal Service and the public.

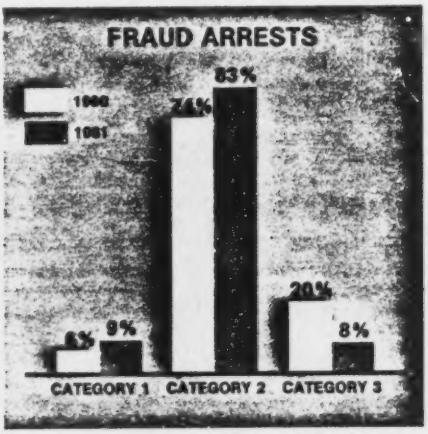
The first step in the process of improving the measurement system was to define the higher priority work and separate it from the lower priority work. Although the Inspection Service is responsible for investigating all violations within its jurisdiction and fulfilling the internal audit function for the Postal Service, from a practical standpoint, it cannot investigate every violation or audit every post office. In fact, the effective use of an organization's resources dictates that this is not practical. Having defined the priority of efforts through the case categorization system, it was then able to move to the next step of this new program management approach.

Program management, to be effective, requires the focus of effort on important cases within the area relating to that program. For example, if the external crimes program has as its purpose the creation of a postal environment as free from external criminal attack as possible, then efforts must be concentrated on prevention activities, and the investigation of cases within this area must be prioritized. Cases critical to this effort would be those of the mail theft prevention type, including the area case assigned to the external crimes prevention specialist. These cases would be identified as top priority cases by jacketing them with the case category 1 designation. Without these case priority guidelines set at the national level and implemented within formalized programs disseminated to the field, investigative efforts would not be consistent. Resources would be used to investigate lower priority cases without a consistent national focus on objectives or mission. The GAO noted in the FBI approach that the Bureau did not set national investigative priorities, but allowed each of its 59 field offices to pick and choose priorities from among 11 major case groupings such as organized crime, terrorism or counter-intelligence. Through the process of case categorization, national objective and goal setting, and the establishment of programs to accomplish these goals, Inspection Service efforts are directed by a unified organization in a consistent direction.

Some might argue that by establishing case categories an Inspector's freedom to prioritize his work has been removed. Others say they do not see the need for identifying cases by priority categories, since all Inspectors know that a check theft is generally not as critical as an armed robbery. This is patently obvious; however, the objective is *not* to take away or question an Inspector's ability to recognize priority matters from those that are marginally important. Rather, the case categorization system is a way to standardize, nationwide, in a consistent manner, the work of Inspectors. Case categorization also identifies accomplishments by their nature and serves as the benchmark for measuring success.

The responses to certain attitude survey questions of August 1980, indicate that Inspectors do not feel they have lost their personal job freedom. Seventy percent agreed they have influence over what has to be done on the job, and 91% said the job gives them the opportunity to use their own judgment and initiative. Seventy-nine percent agreed they have control over how they spend their time working. In all survey questions relating to individual work habits or decisions about the exercise of their personal initiative and judgment on the job, Inspectors responded in a positive manner. This is certainly a strong indication that case categorization has not caused most Inspectors to feel a loss of personal initiative or decisionmaking responsibility with their day-to-day work.





Where do Inspectors devote most of their investigative efforts?

An analysis of fraud work in 1980 for example, shows that 23% of all fraud workhours were in category 1; 67% of all fraud workhours were in category 2; and 10% were in category 3. In 1981, category 1 fraud workhours were 29% of the total; category 2 was 66% of the total; and category 3 represented 5% of the total. These figures reflect the design of the case categories, since most fraud work is in category 2, which is the category representing the greatest portion of the workload and the bulk of the effort. Category 1 workhours, although representing about a third of the investigative effort, appear to be on target, since the cases of greatest impact on the Postal Service are not as common as category 2 and require more effort due to their complexity. It would follow that arrests resulting from these efforts should reflect the same pattern.

In 1980, six percent of fraud arrests were in category 1; 74% in category 2; and the remaining were in category 3. For 1981, 9% of the fraud arrests were in category 1 cases; 83% in category 2, and 8% in category 3. Again, the results were as expected. The more complex work requires more effort to obtain the desired results.

Why have some case categories changed

As the investigative priorities for the Inspection Service change, this requires certain types of investigations be reassigned within the three categories in support of the requirements of new programs. For example, when case categories were introduced in 1977, cases of mail theft from a carrier's cart or satchel were category 1 cases, but as investigative efforts and emphasis were changed, this same investigation is not classified as category 2 within the external crimes program.

As programs continue to be adjusted to meet the requirements of an ever-changing investigative environment, cases will be categorized differently to meet the programs' objectives.

In summary, case categories are established as a priority guide for Inspectors and as a measurement tool for management. They give direction to program efforts and may change as programs change. They give meaning to accomplishments and serve as a work quality benchmark. Case categories are the foundation of the program management approach to insure a nationally consistent level of service. They are a means to effective and efficient management of the Inspection Service's limited resources.

Program Management
INTERNAL CRIMES

This is the seventh in a continuing series of articles about program management in the Inspection Service. As we have previously discussed, programs are developed in support of organizational goals. Simply stated, the objectives of our Internal Crimes/Security efforts are to:

- Protect the mail from theft or mistreatment while in the custody of the Postal Service.
- Protect postal property and funds from theft or mistreatment.
- Provide a secure postal environment for our employees and customers.

These broad objectives are supported by several programs, and this article will examine the specific programs dealing with internal crimes.

The program management process involves objective setting, a plan to accomplish those objectives, application of resources, and evaluation. This process has given us three general programs in the area of internal crimes: The Internal Theft Program, the Financial Depredation Program, and the Federal Employees Compensation Act Abuse Program. Each program is designed to accomplish our overall objectives of protecting mail, postal funds, and postal property from theft or mistreatment.

Internal Theft Program

The business of the Postal Service is to provide prompt, reliable and economical mail services through the collection, transmission, and delivery of communications and parcels. Mail is not the property of the Postal Service but is entrusted to us by the public. The postal employee who steals or mistreats mail undermines the foundation of the Postal Service—public confidence in the integrity of the mails. One of the most important responsibilities of the Inspection Service is the prompt identification of dishonest employees resulting in their removal from the Postal Service and their arrest and prosecution, as appropriate.

During the late 1970s, we discovered, although reported losses and our commitment of resources remained fairly constant, our measurable results continued to decline. To evaluate our internal theft effort, a national review was conducted early in 1979. The objective of the review was to evaluate program effectiveness and make recommendations for program changes or refinements. The team included Internal Theft Specialists from the field and the Office of Security. This review identified several problem areas including a lack of organized investigative effort, failure to provide a consistent level of attention, lack of continuity in assignments, and no workload measurement system. In fact, as the review pointed out, a cohesive, national Internal Theft Program did not exist. Based on the review, an Internal Theft Program was developed to provide uniform application of traditional methods of mail theft prevention and identification of dishonest employees who circumvent our preventive efforts. The Program was implemented at the beginning of Fiscal Year 1980.

In order to deal with the problems pointed out by the review, the new program combined the team concept, a standard information system, and uniform operation instructions. The information system provides a uniform method of organizing internal theft related data and bringing that data to the team leader and Inspector responsible for analysis and investigation. The information system uses the investigative action log as the means to establish priorities within each assignment or team, to provide for continuity of information, and to create a basis for measuring team and individual workloads.

A significant portion of our Prevention Program is education. Internal Theft specialists are assigned to speak with postmasters, supervisors, and employees, not only about the integrity of the Postal Service and the consequences of mail theft, but also to identify mail handling weaknesses which may leave mail vulnerable to theft. The deterrent effect of lookout galleries and increased use of containers are also an integral part of our prevention efforts. Inspectors work closely with private mailers to identify security or handling deficiencies in their firms that may have resulted in losses, which were attributed to the Postal Service, even though they actually occurred before or after the mail was in Postal Service custody. Our prevention program accomplishes its objective through controlling

access to mail and increasing employee awareness that stealing mail means removal from the Postal Service as well as criminal prosecution.

Complete prevention of theft or mistreatment of mail by employees is difficult when most postal employees are engaged in handling mail everyday as an integral part of their job. When preventive efforts fail and employees violate the trust given them, investigation becomes necessary.

In planning our investigative program, we set priorities to direct our resources to those areas which have the greatest impact on the integrity of the Postal Service. In common with the other Inspection Service functional areas, our resources are not unlimited, and setting priorities enables us to be responsive to the public, the law enforcement community, and the objectives of the Postal Service.

Our Internal Theft investigative priorities can be separated into two general categories: employees and outsiders.

Our highest investigative priority is given when a postal employee, contractor, contract employee, or other person, who, because of his or her employment has access to mail in USPS custody, is suspected of theft or deliberate destruction of mail. Within this general category, additional priorities are established to meet investigative needs. Certainly an employee stealing Registered currency shipments deserves investigative attention over the employee discarding circulars. Similarly, a letter carrier who throws mail away has a higher priority than the carrier who fails to deliver all his or her mail and returns it to the post office without notifying a supervisor.

Our security programs normally prevent outsiders from gaining access to mail in Postal Service custody. Losses occurring outside Postal Service custody are normally given a lower investigative priority. It is not always possible to determine in advance which of several situations is the most important since many factors are involved in each set of circumstances. The key is identifying the situation having the greatest impact on the integrity of the Postal Service.

Is the Program working? We believe it is. Our evaluation of the program in Fiscal Years 1980 and 1981 found increased and more uniform attention being given to prevention, loss analysis and development of information sources. Inspectors also were devoting a higher percentage of their time to actual investigations of internal theft matters. By the end of Fiscal Year 1980, a five-year decline in results had been reversed. Although the number of identifications in FY 80 remained virtually the same as FY 1979, the percentage of arrests and employees removed as a result of internal theft investigations was higher. This improvement continued through FY 1981.

Financial Depredation Program

The objective of the Financial Depredation Program is the protection of postal property and funds from theft or mistreatment. The Program deals with cases generally involving embezzlement of Postal Service funds, theft or misuse of USPS property, and falsification of USPS records. Most, but not all, FD investigations involve postal employees.

Prior to Fiscal Year 1980, there was not a uniform approach to detect embezzlement and investigate matters in the financial area. Our response was generally reactive to accountability shortages. We needed to establish our objectives and develop a plan to direct our resources to those financial areas having the greatest impact on the Postal Service.

Our first priority in the FD area is the protection of Postal Service funds from theft by employees. The employee who embezzles money order, postage meter, or postage due funds and falsifies records to conceal the embezzlement has the greatest potential for adverse impact on the Postal Service since larger amounts of revenue can be stolen without detection over a longer period of time in contrast to embezzlement of funds from flexible or fixed accountabilities.

Consider the relative impact of an employee who embezzles $100,000 in money order funds over a period of four years to the employee who takes $1,500 from his or her stamp accountability. How much impact does the employee have who submits an altered medical certificate to realize two extra days of sick leave compared with the employee who fraudulently claims an on-the-job injury to obtain compensation? As in internal theft, identification of the situation having the greatest impact on the Postal Service determines how resources should be applied. The investigation of these matters is dependent on good judgment in order that our resources are not diluted on technical violations or matters that are clearly administrative in nature. In many shortage situations, an investigation does not have to be conducted. The information concerning the shortage may be used for analysis similar to the mail loss analysis made with Forms 1510. Lower priority investigations include theft or misuse of USPS property and falsification of

records where the dishonest employee is not able to embezzle cash directly. Investigations into removal of postage stamps, fraudulent use of official mail, and reuse of small amounts of postage normally should be given limited attention as resources become available from higher priority work because these violations do not impact greatly on the mission or integrity of the Postal Service.

The success of the Financial Depredation Program depends on the development of Inspectors as specialists in financial investigations. Preventive measures include examining financial procedures closely to identify system weaknesses which allow embezzlement, theft, or misuse to occur. Our efforts in the area of identifying system weakness is complemented by Inspectors assigned to audit investigations. Education of postal management and employees is a significant portion of our preventive effort. Employee awareness that embezzlement will result in removal and criminal prosecution has a significant deterrent effect. The program also includes detection techniques to assist in pointing out system failures as well as identifying individual dishonest employees.

The FD Program includes the same elements of information gathering and analysis as the Internal Theft Program. Several Divisions have formed FD specialists into teams while others, because of geographic or other factors, have formed Internal Crimes teams including both IT and FD specialists. The central information system for FD investigations operates under the same guidelines as the IT system. In several instances where IT and FD teams are domiciled together, a single information system serves both specialties. More emphasis is being placed on analysis and detection to direct our financial depredation investigative efforts from a primarily reactive, disjointed approach to a systematic uniform application of resources to the highest priority investigations.

OWCP Program

The Injury Compensation Investigative Program is an example of a program which was designed as a direct application of Inspection Service resources to a specific Postal Service problem, i.e. rising costs attributed to injury compensation abuses. The program is a coordinated approach to investigation of fraudulent workers compensation claims. Our primary objectives are the reduction of USPS costs resulting from fraudulent claims, and the removal, and in appropriate instances, the prosecution of those abusing the program. In order to make the most effective use of investigative resources, we have concentrated our attention on those cases which are most likely to result in prosecutive action because of the deterrent impact. Closely following are those which will result in administrative action and elimination or reduction of benefits. Inspectors investigating workers' compensation matters maintain an overt posture when visiting postal installations because of the beneficial preventive effect of high visibility. We feel this exposure has had an effect on the attitude of potential abusers of workers compensation benefits.

The Injury Compensation Investigative Program was fully implemented by the end of Fiscal Year 1980. Each Division has Inspectors who are designated OWCP Specialists and have received specialized training in Office of Workers Compensation functions, Postal Service compensation programs, and investigative techniques. The program stresses intelligence gathering and cooperation with injury compensation unit personnel, US Attorneys, and the Department of Labor.

During Fiscal Year 1980, investigations resulted in the arrests of seven employees while 45 were removed from the Postal Service for workers compensation violations. Fiscal Year 1981 statistics indicate that the increase in Inspection Service activity in the OWCP investigative area is productive. Thirty-two individuals were arrested and 78 removed from the Postal Service. More importantly our efforts have resulted in substantial reductions in USPS compensation costs. Probably no other internal crimes program involves a greater effort coordinating prevention, problem identification and problem resolution as does the OWCP Program. We must continually monitor the program as we do with the IT and FD Programs to ensure our investigative resources are properly channeled to achieve the greatest, positive results.

To a large degree, our approach to program management is simply based on common sense. In attempting to protect the mails, postal funds, and property, we utilize three fundamental concepts—PREVENTION, PROBLEM IDENTIFICATION and PROBLEM RESOLUTION. When prevention fails, a uniform systematic approach to detection, *i.e.*, problem identification and subsequent investigation leads to the resolution of the problem. How this same basic approach is used to manage our other security programs will be the subject of a separate article in this series.

Program Management:

AN UPDATE

by Inspector Ed Schierberl, Jr.,
Special Assistant to the Chief Postal Inspector

The summer 1980 issue of this Bulletin began a series of articles on program management. This was in an effort to clarify the purpose and reasoning behind the changes which were taking place in our field operations as we evolved from being case oriented—where our goals were to complete audits or make arrests and convictions—to being program oriented—where we view our criminal and audit investigations as a means to accomplish our program objectives.

These changes were based on the assumption that we can plan and control our efforts. We dismissed the view that the work we performed was a reactive effort controlled by external forces. Program management is a process which defines and evaluates workload in the broader context of the overall program objectives. Will what we plan to do contribute to the objectives? If so, then resources to handle that workload will be approved.

The Inspection Service has a broadly defined mission. Our programs set out specific objectives we have attempted to establish and levels of service which channel us into that work which gives the best return on limited resources; return that is consistent nationwide.

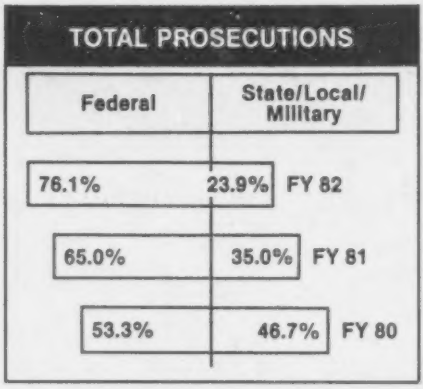
We decide what work we should do and in what order or priority by setting out strategies. These strategies, set out in the form of our program statements, level of service statements, and case categories, were put together by Headquarters managers and included input from Region and Division Inspectors and management. The skill needed in developing strategy comes from knowledge and practice. Experience will indicate how good our strategies are. How effective have we been in implementing those strategies? What are some of the indicators of our effectiveness?

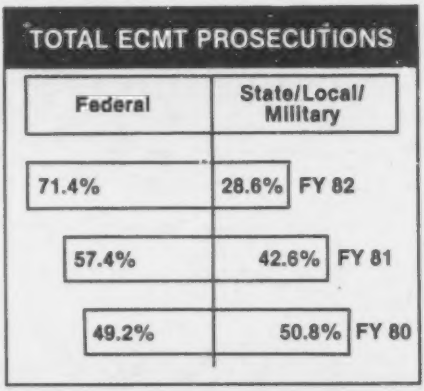
Recently, a conference on "Coordinating Enforcement and Prosecution," sponsored by the National Forum on Criminal Justice, addressed state versus federal jurisdiction, and some interesting items emerged. The primary responsibility for law enforcement in the United States rests with the state and local governments. In fact, of the estimated 20,000 federal, state and local law enforcement agencies in this country, very few are federal.

Simply looking at statutory jurisdiction is of little value, since over 95% of "federal crime" is also covered concurrently by state criminal statutes. We have a strong American tradition of minimizing the federal role in the administration of justice.

Role definition for federal, state and local governments is important in answering the question of who should have jurisdiction over certain criminal activity—whether between federal and state or between federal agencies. The National Forum on Criminal Justice views policy (its development, implementation and assessment) as the main mechanism for accomplishing this role definition. Other federal law enforcement agencies are just now beginning to examine their policies in an attempt to set the proper course for their organizations, which was the procedure undertaken by the Inspection Service several years ago.

Since we are a federal law enforcement agency, it would stand to reason that prosecutions from our investigations should be in federal courts. This is a very general statement, and there exists some reasons for differences. For example, while we have emphasized our role through our policy statements to be consistent nationwide, the independence of U.S. Attorneys permits them to develop district policies which lead to inconsistencies in prosecutions of offenses in federal court from judicial district to judicial district. And, while we give consideration to U.S. Attorney and Department of Justice guidelines and policies, we must still recognize that our mission is very clear, and prosecutive attitudes cannot be the controlling factor in deciding our level of service.





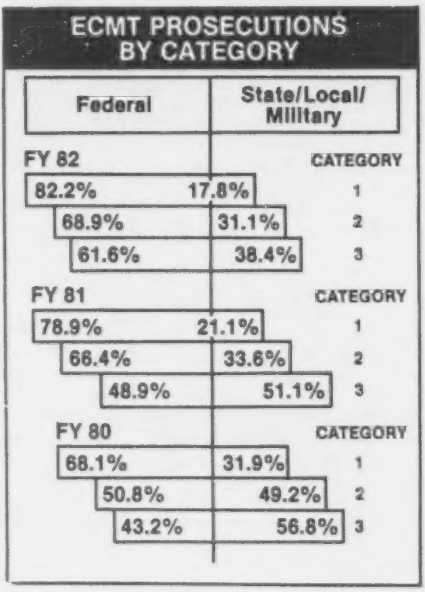
We can see how our policy and program direction is impacting our work. The majority of our program changes were implemented in Fiscal Years 1980 and 1981. Taking a look at the three-year period from Fiscal Year 1980 to 1982 reveals some interesting results.

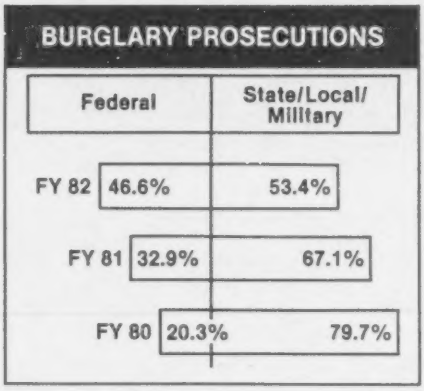
Three years ago, just slightly over half of the prosecutions from our investigations were handled in federal court, rising to over 76% last fiscal year.

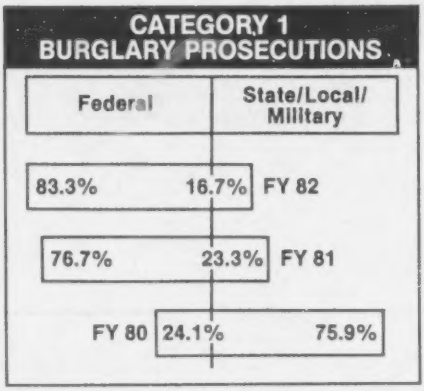
The most dramatic rises occurred in external crimes, which also underwent some of the most significant changes in our field approach. In FY 1980, for ECMT, we had more state prosecutions than we did federal. This had been true for many years; however, in 1982 federal prosecutions rose to over 71%.

ECMT is also a good example of the relationship the strategy which sets our priorities has with prosecutions. We have steadily increased our federal prosecutions in each category and as you might expect, there is the highest percentage of federal prosecutions in category 1. Category 2 is higher than category 3 in each of the fiscal years.

This is the expected and desired result of the investigative emphasis in this area. When we began to stress gang and fencing operations as our investigative priorities, we began to put together more complex and significant cases which were







both more attractive to federal prosecutors, as well as more appropriate for federal prosecution.

Another example can be found in our burglary investigations which went from approximately 20% federal prosecutions in FY 1980 to over 46% last year; however, the most dramatic change in the burglary investigative area came in category 1 investigations which in just three years made an amazing rise from 24.1% to over 83% federal prosecutions.

The results noted here indicate we were doing some work which should have been done by local agencies and some work which was primarily our responsibility was being done by or controlled by state or local agencies or worse, was not being done at all! Our programs and the priorities (case categories) established under those programs clearly set out our role and directed needed resources to handle our priority responsibilities in a thorough and professional manner.

At the end of this article are charts which show the prosecutive information for all of our investigations. The emphasis in this article has been on the impact our program strategies have had on federal prosecutions. As you look at the overall statistics, you will notice that many areas, such as fraud and internal crimes, had high federal prosecutive percentages back in FY 1980 and we definitely want to maintain those.

There are of course other indicators to look at in assessing the correctness of our strategies. Our solution rate in areas such as robberies and burglaries are significantly higher than the national averages for all law enforcement agencies. Our burglary solution rate was double this average, and we were over twice as high in robbery solutions. Arrests and identifications in internal crimes have risen and new areas are being identified and attacked such as OWCP and employee narcotics. (The significant increase of federal prosecutions in CC cases from fiscal years 1981 to 1982 is attributable to employee narcotic investigations.)

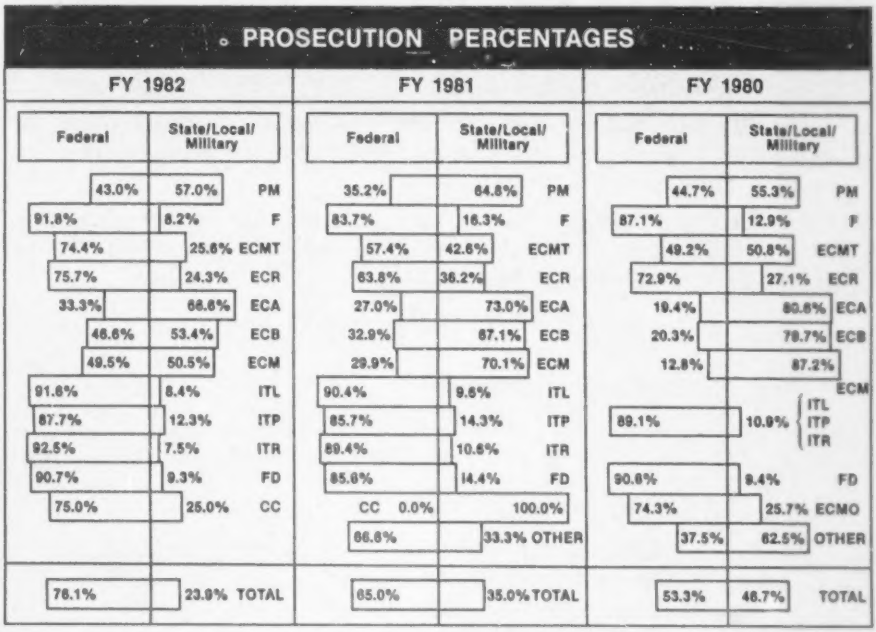
In some areas such as mail fraud, we have clarified our role. Although our highest priorities may not always result in prosecutions, we nonetheless are protecting the potential victims. We have increased our §§3005 and 3007 actions and reduced the number of work-at-home operations. The quality of our investigations directed at those operations which have the greatest impact as

measured by the number of victims and the dollar amount of losses is improving. These points are further evidence that our strategies are having the desired effect.

In our audit program, we are concentrating our efforts in the largest facilities where we can have the greatest impact. The top fifty post offices in the nation account for 37% of revenue, 70% of first-handling pieces, and approximately 50% of the entire Postal Service's expenses and payroll.

Each of us must know not only what a program statement is or be able to recite the various subjects in category 1, 2 or 3, but we must understand the why—the strategy—behind these. Certainly there was, and may still be, some confusion over our strategies. Why are we investigating this and not that? Why is that a category 1 and this only a category 3?

Hopefully, if you analyze our program objectives, those questions will be answered; but if not, take your questions and concerns to your Division and Regional managers.



RESPONSE TO QUESTION 7

Attached are copies of Title 18, USC 4, Misprison of Felony; Administrative Support Manual, Section 220, Section 240, Section 273; Employee and Labor Relations Manual, Section 664, Section 665, Section 666, Section 668; Code of Ethical Conduct for Postal Employees.

(3) Any misdemeanor, the penalty for which does not exceed imprisonment for a period of six months or a fine of not more than $500, or both, is a petty offense.

§ 2. Principals

(a) Whoever commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal.

(b) Whoever willfully causes an act to be done which if directly performed by him or another would be an offense against the United States, is punishable as a principal.

As amended Oct. 31, 1951, c. 655, § 17b, 65 Stat. 717.

§ 3. Accessory after the fact

Whoever, knowing that an offense against the United States has been committed, receives, relieves, comforts or assists the offender in order to hinder or prevent his apprehension, trial or punishment, is an accessory after the fact.

Except as otherwise expressly provided by any Act of Congress, an accessory after the fact shall be imprisoned not more than one-half the maximum term of imprisonment or fined not more than one-half the maximum fine prescribed for the punishment of the principal, or both; or if the principal is punishable by death, the accessory shall be imprisoned not more than ten years.

§ 4. Misprision of felony

Whoever, having knowledge of the actual commission of a felony cognizable by a court of the United States, conceals and does not as soon as possible make known the same to some judge or other person in civil or military authority under the United States, shall be fined not more than $500 or imprisoned not more than three years, or both.

§ 5. United States defined

The term "United States", as used in this title in a territorial sense, includes all places and waters, continental or insular, subject to the jurisdiction of the United States, except the Canal Zone.

§ 6. Department and agency defined

As used in this title:

The term "department" means one of the executive departments enumerated in section 1 of Title 5, unless the context shows that

220 Postal Emergencies, Losses, and Offenses

221 Reporting

221.1 General Requirements

.11 Reports

Postmasters are required to report emergencies, postal losses, and offenses to the Inspection Service. Address reports to the inspector in charge of the division in which the loss or offense took place.

.12 Emergencies

Report emergencies such as civil disorders, catastrophes, and disasters, etc. directly to the local postal inspector by telephone, confirming the report in writing to the Inspection Service. Report any loss, damage or casualty sustained. (See 221.2 and 221.3.)

.13 Postal Losses and Offenses and National Defense Material

Report directly to the local Postal Inspector all cases of burglary, assault, robbery, explosion, or classified national defense material found loose in the mail. Confirm the report in writing. Also inform local law enforcement officers of any of the above, except finding classified matter.

.14 Telephone Reports

Include the following information:

a. Date and nature of occurrence.

b. Approximate loss; if none, so state.

c. Serial numbers of blank money order forms and whether issuing equipment was lost or stolen.

d. Action taken to obtain an emergency stock of items lost or stolen.

e. Address of fugitive postal offenders and aliases, if known.

f. Remedial action taken if explosive or poisonous articles are discovered, or an emergency caused by hazardous matter.

g. Whether local police were contacted.

h. Security category, mailer of classified material found loose, and action taken to secure it.

.15 Written Reports

The written confirmation should include the same information furnished by phone, plus:

a. Serial numbers of Treasury checks lost or stolen.

b. Quantity and denomination of stamps and other accountable paper lost or stolen.

c. Amount of USPS funds or property lost or stolen.

d. Nature and amount of any personal loss.

e. Serial number, if any, of mail keys lost or stolen.

f. Full particulars of lost, stolen, or rifled registered mail.

g. Additional information discovered after the initial report was made.

.16 Nonemergencies and Routine Losses and Offenses

Less serious losses and offenses may be reported by memorandum or by standard USPS forms. (See 221.4 and 221.5.)

.17 Prohibition

Do not discuss information concerning offenses or suspected offenses of postal employees with anyone outside the Inspection Service.

.18 Addresses for Postal Inspectors In Charge

a. Box 4327
Atlanta, GA 30321

b. Box 2217
Boston, MA 02205

c. Main Post Office
Room 642
Chicago, IL 60669

d. Box 2057
Cincinnati, OH 45201

e. P.O. Box 5726
Cleveland, OH 44101

f. P.O. Box 566
Des Moines, IA 50302

g. Box 119
Detroit, MI 43232

h. Box 1230
Fort Worth, TX 76101

i. P.O. Box 884
Indianapolis, IN 46206

j. P.O. Box 1606
Kansas City, MO 64141

k. Box 30456
Los Angeles, CA 90030

l. Box 3180
Memphis, TN 38103

m. P.O. Box 788
Milwaukee, WI 53201

n. Box 509
Newark, NJ 07101

o. Box 555
New York, NY 10116

p. Box 7500
Philadelphia, PA 19101

q. Room 1700
650 Smithfield Street
Pittsburgh, PA 15222

r. 200 S. Hanley Road
10th Floor
St. Louis, MO 63199

s. Main Post Office Building
Room 309
St. Paul, MN 55165

t. Box 367
San Francisco, CA 94101

u. Box 400
Seattle, WA 98111

v. Box 1820
Washington, DC 20066

221.2 Emergencies, Losses, and Offenses Reported by Telephone

.21 Loss or Damage

.211 Damage to a postal unit by fire, hurricane, flood, or other catastrophe.

.212 Loss of a significant amount of USPS funds, accountable paper, or property.

.213 Loss of a rotary lock pouch, valuable registered mail, or large quantity of other mail.

.22 Thefts or Burglaries

.221 Postal unit or vehicle broken into, burglarized, or robbed.

.222 Post office locks and keys (including keys and locks for mail boxes and mailbags) stolen, missing, or found under suspicious circumstances, including improper possession.

.223 Indicated or suspected embezzlement. (Note: Make no further investigation or inquiry after telephone call and followup report.)

.224 Thefts, fires, and willful damage to mailboxes or contents, including customer mail receptacles, lockboxes, collection and relay boxes.

.225 Theft or mistreatment of mail. (Note: If a postal employee, mail contractor, or employee of a contractor is suspected of theft, abandonment, or other mistreatment of mail, report all known facts and make no further investigation or inquiry.)

.23 Accidents

.231 Accidents which kill or injure private persons, or cause extensive damage to private property. (See 250.)

.232 Accidents which kill or seriously injure a postal employee.

.24 Assaults or Threats

.241 Postmaster or postal employee physically assaulted or robbed while on duty, or while in possession of mail, postal funds, or property. (See 223.)

.242 Postal employee threatened with death or bodily injury. (See 223.)

.243 Postal customer physically assaulted or threatened with death or bodily injury by a postal employee. (See 223.)

.244 Libel, threats, extortion.

.245 Bomb threats.

.25 Stamp Offenses

Illegal use of stamps; removal of stamps from wrapper (submit wrapper or other cover with confirmation memorandum); unusual possession of stamps which might indicate illegal use; reuse; use by postal employees in payment of debts; over or undercharges of postage; alteration of meter stamps; tampering with meters, etc.

.26 Sabotage

Indicated or suspected sabotage of mail processing equipment by a postal employee. This includes any method, procedure, or technique by which an employee is able to stop the mail processing equipment, causing downtime. (*Note:* Make no further investigation or inquiry.)

221.3 Emergencies, Losses, and Offenses Requiring Special Actions

.31 Demonstrations, Riots, or Picketing

.311 If demonstrations, riots, or picketing are imminent or in progress at any postal installation, immediately notify the Regional Postmaster General (RPMG), the local postal inspector (or inspector in charge), and the local police department or other local law enforcement body.

.312 Advise the RPMG and postal inspector of the following, if known:

a. Approximate number of persons involved and their cause.
b. Interference with movement of mail.
c. Damage to postal property.
d. Blocking of entrances and exits.
e. Inconvenience or criticism of customers.
f. Newspaper or other media publicity.
g. Any action taken or contemplated by local, state, or federal law enforcement officials.
h. Whether or not postal employees are involved and, if so, whether on or off duty.
i. Whether or not postal employee organizations are involved.
j If there is picketing, the exact messages on the picket signs.

.27 Classified National Defense Matter

.271 Categories

Categories of classified national defense matter are TOP SECRET, SECRET, and CONFIDENTIAL. SECRET AND CONFIDENTIAL matter should be double-enveloped before entering it in the mail. The outer envelope bears the address and other mailing information but no indication of classification of the contents. The inner envelope, and each page of a classified document is marked with the classification of the contents.

.272 Mailing Criteria

a. TOP SECRET material may not be mailed but must be hand carried by courier; however, if any TOP SECRET material is found in the mail, it must be handled in accordance with 221.27c.

b. SECRET material may be sent by registered mail.

c. CONFIDENTIAL material may be sent by certified mail.

.273 Handling

a. Material bearing any of the classification endorsements in 221.27a, found loose in the mail by any postal employee, must immediately be given the highest level of protection with access limited to as few people as possible.

b. Immediately notify a Postal Inspector by telephone.

.313 When individuals are not engaged in disorderly conduct, impeding postal business, or otherwise breaking local ordinances or other laws, no further action should be taken. Participants should not be permitted to remain in the post office after normal business hours. A decision to eject participants at the conclusion of normal business hours should be cleared with the postal inspector.

.32 Explosives

.321 If bombs, explosives, explosive devices or incendiary devices are discovered, report immediately to the local Postal Inspector. Follow cautionary steps contained in Publication 159-C, *Contingency Plan — Bombings, Threats, and Bomb Scares.* Also contact the local police for assistance.

.322 If a letter or parcel is suspected of containing explosives, see Pub. 159-C for procedures.

.33 Counterfeit Material

.331 Counterfeit Postage Stamps. If these are presented by a customer, confiscate the stamps and give the customer a receipt. Report by telephone to the local postal inspector and submit the stamps with the follow-up statement of facts.

.332 Counterfeit Money Orders and Other Items. Report by telephone any knowledge of counterfeit money orders, mail locks, badges, identification cards, postmarking stamps, or postage meter impressions, and submit the counterfeit, if available.

.34 Hazardous Materials; Poison; Poisonous Animals; Insects or Reptiles.

Attempt to contain and isolate the hazardous or poisonous article and evacuate the immediate area if necessary. Report immediately by telephone if the situation presents a threat to life or property.

.35 Suspected Narcotics

Hold mail, report immediately, and await disposition instructions.

221.4 Serious Offenses Reported by Memorandum

.41 Nonmailable Matter

(See Domestic Mail Manual (DMM) 123 and 124.)

.411 Intoxicating Liquors. Withdraw from the mail and await disposition instructions.

.412 Obscene and Indecent Matter. Submit complaints with a statement of facts.

.413 Subversive Matter. Submit complaints with a statement of facts.

.414 Concealable Firearms. Withdraw concealed firearms mailed contrary to DMM 124.4, pending instructions from the postal inspector in charge.

.415 Matter Promoting Animal-fighting Ventures. Submit complaints with a statement of facts.

.416 Matters Inciting to Violence.

.42 Lottery Activity Involving the Mails. (See DMM 123.) Report also any gambling or lottery operation within the post office or on postal property, except the vending or exchange of state lottery tickets at vending facilities operated by licensed blind persons, where such lotteries are authorized by state law.

.43 Procedural Irregularities

a. COD irregularities.

b. Illegal transportation of letters in violation of the Private Express Statutes. (See DMM 112.)

c. Failure to pay postage, violation of franking privilege, misuse of penalty mail, depositing of advertising material in mailboxes without payment of postage, and similar schemes to evade payment of postage.

d. Delay, damage, tampering, missending, or wrong delivery of registered mail; tampering with other mail; wrong or improper delivery of other mail when financial loss or criminality is involved.

.44 Losses

a. Losses of postal funds, accountable paper or property, not otherwise reported.

b. Loss or suspected theft of official Postal Service records which are known or thought to contain sensitive information.

.45 Fraud, Forgery, Impersonation

a. Fraud, including fraud in postal contracts, and employee conflict of interest. Request complainant to prepare a detailed statement of the facts and to furnish correspondence, advertising, or other literature and envelopes in which such evidence was transmitted through the mail. Have the complainant initial and date each separate piece of evidence for future identification. Transmit this material with report.

b. Forgery or falsification of postal records or securities.

c. Impersonation of a postal inspector, postal official, or other employee.

.46 Other

.461 Suspicious Activities of Boxholders.

.462 Willful or Malicious Damage or injury to Postal Service property.

.463 Nonpostal Offenses occurring in space assigned to postal activities.

221.5 Routine Loss or Offense

See Exhibit 221.5 for instructions on reporting these.

Loss or Offense	Action Required
Domestic Mail - loss or rifling (including stamp stock and printed envelopes shipped by ordinary mail)	Submit Form 1510, *Mail Nondelivery Report*
Military mail - loss or rifling	Submit Form 1510
Parcels - rifling	Submit Form 673, *Report of Rifled Parcel*
Customer complaints of mail theft after delivery to mail receptacles *or* Theft, damage (including fire) or destruction of mail receptacles and collection/relay boxes	Submit Form 2016, *Mail Theft and Vandalism Complaint*
Registered, insured, or COD mail found in supposedly empty equipment	Send report by letter to PO of mailing, giving full particulars, for check against index record of claims.
Canal Zone Mail - mistreatment	International Mail Manual, Chapter 9
International mail - mistreatment	See Pub. 42
Accountability discrepancy - shortage or overage of $100 or more in official accountability of employee or contractor handling USPS funds or accountable paper	Submit Form 571, *Discrepancy of $100 or More in Financial Responsibility*. Show results of 6 previous checks of employee's accountability.
Accident claims	See ASM 253.

Exhibit 221.5 Reporting Routine Losses or Offenses

222 Robberies

222.1 Preventive Measures

a. Notify police and postal inspectors if suspicious strangers are observed loitering in or near the post office or following carriers on their route.

b. Keep exterior lobby windows clear of obstruction to maximize observation of the lobby area.

c. Doors leading from post office box or service lobbies to workroom areas should be locked. Other entrances to the workroom area are to be locked when not in use.

d. Safes, vaults and fixed credit drawers and containers are to be locked when not in use.

e. Where holdup alarms or cameras are installed, employees are to be trained in the proper methods of activating the equipment. Holdup alarms or cameras are to be maintained and tested according to instructions furnished with the equipment.

f. Do not discuss money or valuable mail on hand or their transportation methods with anyone except authorized postal officials who have a need to know. Notify postal inspectors if anyone makes unusual inquiries about such items or about post office security.

g. Do not retain excessive cash. Keep cash in fixed credits and open accountability systems near the minimum amount listed in Handbook F-1, *Financial Handbook for Post Offices*. If at all possible, do not count or otherwise display cash in public view.

h. Do not respond to an "emergency" request to open the post office without requesting the presence of police, a postal inspector of postal police officer at the post office.

i. Do not respond to a call from the police to come to your office after hours before calling back and verifying the call with the police dispatcher.

j. Mail must not be left unprotected in unlocked vehicles. If the use of a satchel cart is authorized, take care to prevent thefts from the cart while delivering your route.

k. Do not make yourself or other employees attractive robbery targets. Most robbers are after cash and often only an employee's personal funds are stolen. Employees should carry only the minimum necessary personal funds to reduce personal loss if robbed.

222.2 Actions During A Robbery

.21 The first concern of the USPS is the safety of its employees. Remain calm. The slightest provocation may jeopardize your safety.

.22 Comply with the robber's demands but give only what is demanded. If the robber presents a holdup note or other written instructions, try to keep it for follow-up investigation by the postal inspectors and/or local police.

.23 Do not attempt to disarm an armed robber.

.24 Observe the robber and notice details which

will later assist in providing a detailed description, e.g.,

a. To determine age, height, weight and appearance, make comparisons between the robber and yourself or people you know.

b. Remember peculiarities such as tattoos, scars and prominent features. Remember the type and color of clothing worn by the robber. (Often clothing worn by a robber may be recovered and used as evidence.)

c. Remember the size, type and color of weapons used by the robber. Remember how many of the robbers were armed.

.25 Make a mental note of everything said by the robbers, especially comments that are threatening in nature. These comments may be useful in court proceedings.

.26 Notice if the robber touches anything—the counterline, door, postal equipment or other items.

.27 If possible without endangering your safety, observe the direction taken when the robber leaves and obtain the description and license tag number(s) of any vehicle used.

222.3 Actions After A Robbery

.31 Notification

Immediately call the local police and then the postal inspectors. Give the exact location of the holdup, a description of the robbery and robbers, the license number and description of any vehicle used, the number of occupants in the vehicle and the direction taken after the robbery. When safe to so do, station someone outside to wait for the arrival of the police.

.32 Securing Building

If possible, lock all doors. Ask witnesses to remain until the local police and postal inspectors arrive. (If witnesses must leave, record their full names, addresses and telephone numbers.) Deny access to everyone except postal inspectors, security force officers, or the local police.

.33 Protection of Evidence

Protect anything that was touched or might have been touched by the robber. Do not touch the items yourself and prevent others from doing so.

.34 Witnesses Descriptions

Write down your recollection of the crime and a description of the robber(s). Use Form 5302, *Description Sheet,* to assist in preparing your description of the robber(s). All employees who witnessed the holdup should be furnished these forms and begin completing them immediately after the robber leaves.

.35 Restriction

Do not compare notes or recollection of the robbery with other employees or witnesses until after you give your information to the postal inspector and/or police.

.36 Media Inquiries

Refer all inquiries or questions received from television, radio, or newspaper reporters about the robbery to the investigating police and postal inspectors. If the police or postal inspectors authorize you to answer media inquiries, do not release the amount of robbery loss, description of items taken and names and addresses of witnesses unless specifically authorized.

223 Assaults

223.1 Assaults on Employees and Customers

.11 The Inspection Service investigates employment-related assaults and threats against postal employees and similar acts against postal customers occurring on postal premises, or committed by postal employees while on duty or because of the employee's official employment.

.12 The assault on a postal employee while engaged in the performance of official duties or because of the performance of official duties may result in prosecution of the assailant under Federal or state and local laws.

.13 Employees assaulting or threatening other employees or postal customers may be subject to remedial or disciplinary action, including discharge.

223.2 Reporting Assaults

Promptly notify local police and the inspector in charge or local inspector by telephone when an employee or customer is physically assaulted or threatened with death or bodily harm. The telephone report to the Inspection Service should be followed by a memorandum or other written report concerning the assault. Other threats covered by 223.1 should be reported to the inspector in charge or local inspector by memorandum.

240 Audits

241 Responsibility

241.1 Chief Postal Inspector

The responsibility for internal auditing in the Postal Service is assigned to the Inspection Service. The Chief Postal Inspector directs the development of policies, plans and procedures governing all internal audits and related service investigations through the Assistant Chief Inspector-Audit. The implementation of these activities has, for the most part, been decentralized to the five Regional Chief Inspectors.

241.2 Role and Function

Internal auditing is a staff rather than a line function. Audit personnel do not exercise authority over persons in the organizations audited. Audit findings and recommendations are advisory, while line managers retain the decision making responsibilities for implementing recommendations made in audit reports. Auditing plays an important role as a management tool for evaluating whether operations are executed economically, efficiently and effectively. While internal audit has the responsibility to evaluate operations, management cannot and should not completely rely on inspectors to detect problems and recommend solutions. Managers, as part of their management responsibility, must routinely assess their own operations to assure themselves and their superiors that operations are well controlled and meet high expectations. If problems are found by the inspectors or by management, it is management's responsibility to act promptly and properly to initiate corrective action.

242 Background

242.1 Authority

The authority for internal auditing within the Postal Service is stated in 39 USC §2008. Within this legal requirement, it is the policy of the Postal Service to maintain an audit program that will provide independent examinations and evaluations of postal activities at all levels of organization as a constructive and protective service to management.

242.2 Standards

The *Standards for Audits of Governmental Organizations, Programs, Activities and Functions*, issued by the Comptroller General of the United States, will govern the conduct of internal audits. These standards provide for full scope reviews to include:

a. Financial and compliance matters;
b. Economy and efficiency of operations; and
c. Program results.

243 Mission.

243.1 Objective

The objectives of internal audit are to:

a. Provide an independent check on the adequacy and effectiveness of systems of control;
b. Determine compliance with Postal Service policies and procedures and public laws;
c. Verify the existence of assets and assure that proper safeguards are maintained to protect them from losses of all kinds;
d. Audit the reliability and operation of accounting and reporting systems; and
e. Review operations for economy and efficiency.

243.2 Cooperation

Postal officials and employees are expected to extend maximum assistance to inspectors so that audit objectives can be achieved.

243.3 Liaison

Outside organizations such as the General Accounting Office and the external auditors hired by the Board of Governors also provide selective reviews of Postal Service activities. The Inspection Service will maintain liaison with these and other external organizations providing audit attention.

244 Audit Reports

244.1 Definition

The audit report is a medium through which audit findings, conclusions, and recommendations are communicated to management. Each manager must be responsive to all recommendations made in these reports, and it is Postal Service policy to prepare a written response to audit reports when requested.

244.2 Distribution of Reports

.21 Headquarters Level

.211 The Chief Postal Inspector transmits: (a) Regional reports of Headquarters interest, and (b) those reports containing recommendations for Headquarters action to the appropriate Headquarters Department. Copies of audit reports directed to field management may be provided to officials at Headquarters who have an interest in the activity or function audited.

.212 For tracking purposes, a copy of all final audit reports that are directed to Headquarters management will be furnished by the Chief Postal Inspector to the Deputy Postmaster General and to the official designated by the SAPMG or Department head.

(1) Remove the employee from the Postal Service under the currently applicable regulations of the Postal Service, the Office of Personnel Management, or collective bargaining agreement, as appropriate; or

(2) Reassign the employee to duties which do not require Sensitive clearance; or

(3) Refer the case to the Postmaster General for a final determination.

b. If the individual is to be retained in the Postal Service, the operating unit official furnishes the Chief Postal Inspector, a written statement of the reasons for retention, with copy to the Records Officer.

272.7 Interim Sensitive Clearances

.71 Applicants in Private Industry

.711 Whenever there is a priority need to make a hiring commitment to an individual who will require a Sensitive clearance but is not currently employed by any agency or department of the U.S. Government, a request for an Interim Sensitive clearance may be made. The request is made by checking the appropriate block on Form 2013, and is accompanied by a memorandum signed by the operating unit head. The memorandum will contain full justification for the request and along with the Form 2013, will be accompanied by all forms listed in 272.612. All forms must be submitted at least 10 working days before the anticipated date of appointment.

.712 If approved, the Form 2013 is returned to the appropriate Security Control Officer within 10 working days endorsed with the *Interim Sensitive Clearance Granted* block checked, dated, and signed. This endorsement allows the individual to start work. After granting the Interim Sensitive clearance, the remainder of the investigation is instituted without further action required of the Security Control Officer. The final Sensitive clearance is granted upon favorable completion of the investigation.

.72 Federal Government Employees

.721 An interim Sensitive clearance is normally granted within 10 working days after request and receipt of all forms listed in 272.612, to allow hiring of an individual currently employed by any agency or department of the Federal Government, whether or not the individual holds any security clearance with that agency or department. This also applies to individuals in the Postal Service not holding Sensitive clearance but being considered for assignment to duties requiring the clearance. The remainder of the investigation will be instituted without further action required on the part of the Security Control Officer.

.722 A final Sensitive clearance is granted upon favorable completion of the investigation.

272.8 Updating Sensitive Clearances

.81 Five years after the granting of a Sensitive clearance, and at least once during each succeeding five years, or at the direction of the Chief Postal Inspector, each individual holding a Sensitive clearance is required to complete Form 2066 *Updated Personnel Security Questionaire,* and Form 2181. The appropriate Security Control Officer will be notified by the Inspection Service when the updating is due on each clearance. The Security Control Officer will assure that the employee completes the forms and that they are promptly returned to the Inspection Service.

.82 Upon favorable completion of appropriate checks, a copy of Form 2066 will be endorsed and returned to the Security Control Officer. A copy is also placed in the individual's Official Personnel Folder.

272.9 Exceptions

Whenever the Postmaster General determines that an exception to the foregoing regulations would promote the efficiency of the Postal Service, or serve the best interests of the national security of the United States, the PMG may grant such an exception.

273 Facility Security

273.1 Protection and Access

.11 Workroom Access

.111 Access to all workroom areas is limited to authorized on-duty postal employees. All other individuals are excluded, unless they have legitimate business on the floor and are properly escorted.

.112 Installation heads are required to carefully evaluate the work-flow cycles of their units to determine when the workroom doors can be locked. This is normally at all times except during heavy traffic periods when employees are reporting for or departing from work.

.113 A firm control on policy governing the locking of doors is required. Positive supervision to ensure compliance is necessary to afford maximum protection of postal employees, funds, and property.

.12 Employee Responsibilities

.121 All postal employees are charged with the responsibility of preventing unauthorized individuals, including off-duty postal employees, from entering restricted areas. All individuals on the workroom floor who are not properly identified or escorted should be immediately challenged.

.122 To assure postal safety, employees should report all unsafe building or working conditions. Employees are also to report any disturbances or improper

.223 An employee is encouraged to seek advice from the Associate Ethical Conduct Counselor before taking any action to seek, accept, or hold a state or local office. If the employee assumes the duties of this non-postal office and they interfere with the proper discharge of postal duties, either by that individual or by other postal employees, then the employee holding the non-postal office will be advised by a superior to eliminate the interference. This can be accomplished either by resignation from the non-postal office or some other appropriate manner. If the employees fails, refuses, or neglects to comply with the foregoing advice and the interference continues, that individual will be subject to disciplinary proceedings.

.224 Employees, other than postmasters or acting postmasters in a salary level of EAS–25 or higher, may be granted permission to campaign for a full-time state or local nonpartisan office while on annual leave or on authorized leave without pay during the campaign when:

a. The criteria in 663.222 a and b are met.

b. The Regional Postmaster General determines that the employee's postal responsibilities are being conducted in a satisfactory manner and that the absence of the employee during the campaign period will not disrupt the operation of the facility where the person is employed. NOTE: Requests will be submitted through the postmaster or other installation head to the Regional Postmaster General. An employee who is elected and takes such a full-time office may either be separated from the Postal Service or granted leave without pay.

.225 A postmaster, Sectional Center Manager, or acting postmaster in salary level EAS–25 or higher will not be authorized to take annual leave or leave without pay for the purpose of campaigning for a full-time state or local nonpartisan office.

663.3 Participation in Segregated Meetings

.31 Postal officials may not participate in conferences or speak before audiences where any racial or ethnic group, or members of either sex have been purposely segregated or excluded from the meeting, from any of the facilities or the conferences, or from membership in the group. When requests to speakers or participants are received under circumstances where discrimination may be practiced, inquire as to the practices of the group before acceptance is given.

.32 The USPS may not sponsor, support or financially assist, directly or indirectly, any conference, convention or meeting held where participants are segregated or are treated unequally on the basis of prohibited discrimination.

.33 If the U.S. Postal Service civil rights program will be better served by permitting an exception to this policy in a particular case, the APMG, Employee Relations Department, must be advised prior to making any commitments, for confirmation of a waiver of the policy in 663.31.

664 Bribery, Undue Influence or Coercion

664.1 Requirement to Report

An employee shall report immediately to the General Counsel, U.S. Postal Service, Washington, DC 20260:

a. Any instance in which a person either within or outside the Postal Service uses or attempts to use a bribe, undue influence, or coercion to induce or attempt to induce the employee to act or neglect to act in regard to official responsibilities.

b. Any information that causes the employee to believe that there has been a violation of a Federal criminal statute or any law or regulation directly or indirectly related to the responsibilities of the Postal Service. A copy of a report made under this paragraph shall also be sent by the employee to the Chief Postal Inspector, Washington, DC 20260. The report shall be sent in a sealed envelope clearly marked RESTRICTED INFORMATION—TO BE OPENED BY ADDRESSEE ONLY.

665 Statutory Provisions

665.1 Laws Referenced in This Code

.11 The laws mentioned in this Code are listed for information only. Nothing in this Code constitutes an interpretation or construction of these laws which would bind the United States Postal Service or the United States.

.12 Failure to mention a statute does not excuse any person from complying with it.

665.2 Application to Postal Employees

The following statutes and regulations are applicable to all employees in the Postal Service:

a. House Concurrent Resolution 175, 85th Congress, 2nd Session, 72 Stat. B12, the Code of Ethics for Government Service. (Quoted above at 661.21.)

b. Prohibition against proscribed political activities (5 U.S.C. Subchapter 111 of Chapter 73 and 18 U.S.C. 602, 603, 607 and 608).

c. Prohibition against appointing or promoting a relative, or advocating such an appointment or promotion (5 U.S.C. 3110).

d. Prohibitions against disloyalty and striking (5 U.S.C. 7311; 18 U.S.C. 1918).

e. Chapter 11 of the Title 18, United States Code, relating to bribery, graft, and conflicts of interest.

f. Prohibition against acting as the agent for a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

g. Prohibition against unauthorized taking or use of documents relating to claims against or by the Government (18 U.S.C. 285).

h. Prohibition against postal employees becoming interested in any contract for carrying the mail (18 U.S.C. 440).

i. Prohibition against counterfeiting and forging transportation requests (18 U.S.C. 508).

j. Prohibition against deprivation of employment or other benefit for political activity (18 U.S.C. 601).

k. Prohibition against:

(*1*) Embezzlement of Government money or property (18 U.S.C. 641).

(*2*) Failing to account for public money (18 U.S.C. 643).

(*3*) Embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

l. Prohibition against:

(*1*) Disclosure of classified information (18 U.S.C. 798).

(*2*) Disclosure of confidential information (18 U.S.C. 1905).

m. Prohibition against fraud or false statements in a Government matter (18 U.S.C. 1001).

n. Prohibition against participation in lottery enterprises (18 U.S.C. 1303).

o. Prohibition against carriage of mail contrary to law (18 U.S.C. 1693).

p. Prohibition against desertion of mail (18 U.S.C. 1700).

q. Prohibition against obstruction of correspondence (18 U.S.C. 1702).

r. Prohibition against delay or destruction of mail or newspapers (18 U.S.C. 1703).

s. Prohibition against theft of mail (18 U.S.C. 1709).

t. Prohibition against theft of newspapers (18 U.S.C. 1710).

u. Prohibition against misappropriation of Postal Service funds (18 U.S.C. 1711).

v. Prohibition against falsification of postal returns (18 U.S.C. 1712).

w. Prohibitions against improper issuance of money orders (18 U.S.C. 1713).

x. Prohibition against misuse of the franking privilege (18 U.S.C. 1719).

y. Prohibition against sale or pledge of stamps (18 U.S.C. 1721).

z. Prohibition against unlawful collection of postage (18 U.S.C. 1726).

aa. Prohibition against failure to account for postage (18 U.S.C. 1727).

bb. Prohibition against improper approval of bond or sureties (18 U.S.C. 1732).

cc. Prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

dd. Prohibition against the use of deceit in an examination or personnel action in connection with Government employment (18 U.S.C. 1917).

ee. Prohibition against mutilating or destroying a public record (18 U.S.C. 2071).

ff. Prohibition against disclosure of lists of names and addresses (39 U.S.C. 412).

gg. Prohibition against making or receiving political recommendation for appointment or promotion (39 U.S.C. 1002).

hh. Prohibition against receipt of unauthorized fees (39 U.S.C. 1009).

ii. Oath of office required for all postal employees (39 U.S.C. 1011).

jj. Prohibition against opening first-class mail (39 U.S.C. 3623).

kk. Privacy Act of 1974 (5 U.S.C. 552a).

NOTE: In addition to these statutes, Executive Order No. 11222 of May 8, 1965, as made applicable to the Postal Service by Executive Order No. 11590 of April 23, 1971, prescribes standards of ethical conduct for officers and employees of the Government.

666 USPS Standards of Conduct

666.1 Discharge of Duties

Employees are expected to discharge their assigned duties conscientiously and effectively.

666.2 Behavior and Personal Habits

Employees are expected to conduct themselves during and outside of working hours in a manner which reflects favorably upon the Postal Service. Although it is not the policy of the Postal Service to interfere with the private lives of employees, it does require that postal personnel be honest, reliable, trustworthy, courteous and of good character and reputation. Employees are expected to maintain satisfactory personal habits so as not to be obnoxious or offensive to other persons or to create unpleasant working conditions.

666.3 Loyalty

Employees are expected to be loyal to the Government and uphold the policies of the Postal Service.

666.4 Performance of Public Duties

Employees are expected, when called upon, to serve on juries or to act as witnesses.

666.5 Obedience to Orders

.51 Protests

Employees will obey the instructions of their supervisors. If an employee has reason to question the propriety of a supervisor's order, the individual will nevertheless carry out the order and immediately file a protest in writing to the official in charge of the installation, or appeal through official channels.

.52 Reporting of Violations

Violations of postal laws, including irregular practices involving the handling of stamps, funds, or accounts will be reported immediately to the postal inspector in charge.

666.6 Cooperation in Investigations

Employees will cooperate in any postal investigation.

vides no payment, or indemnification for payment, in the employee's behalf. However, in accordance with 667.3, the employee may request that the Postal Service pay the judgment or settlement.

.222 Installation Head Responsibilities.

Unless special instructions have been received from the Law Department to send the request to Labor Law Counsel, the installation head or other designated official should forward the request without delay to:

Assistant General Counsel
Claims Division, Law Department
United States Postal Service
Washington, DC 20260

The installation head or designee should submit a covering transmittal memorandum containing a recommendation as to whether representation would be in the best interest of the United States Postal Service and a statement detailing the installation head's or designee's knowledge of the subject matter of the case.

.23. Criteria for Granting Representation.

The Department of Justice provides representation at its discretion and only after it determines that the employee acted within the scope of his authority and that such representation would be in the best interest of the United States.

667.3 Reimbursement of Employees for Legal Fees, Judgments, and Settlements.

.31 Legal Fees.

An employee whose request under 667.22 has been denied for any reason may request, through the appropriate Regional Counsel, reimbursement for legal fees incurred by the use of private counsel.

.32 Judgment.

An employee who has filed a request for representation under 667.22 may file with the appropriate Regional Counsel a request for payment of any adverse judgment or settlement.

.33 Criteria for Reimbursement.

Each request for reimbursement for legal fees, judgments, or settlements will be considered by the Regional Counsel on its individual merits after the case is concluded. Generally, reimbursement will be made if:

a. It is equitable and fair to do so.

b. The employee acted reasonably, within the scope of his authority, and not recklessly, in bad faith, or with obvious indifference to instructions.

c. The amount requested is reasonable and reimbursement is deemed to be in the best interest of the Postal Service.

667.4 Governors of the Postal Service, Officers, Employees in the Postal Career Executive Service, and Headquarters Employees

.41 Request for Legal Representation.

The provisions of 667 apply also to the Governors of the Postal Service, the officers of the Postal Service, employees in the Postal Career Executive Service, and Postal Service headquarters employees. If such persons are named as defendants and desire to be represented by the Department of Justice, they must submit their requests in accordance with 667.22 to the General Counsel.

.42 Legal Fees.

A person covered by 667.4 who is represented by private counsel may apply to the General Counsel for payment or reimbursement for legal fees. The General Counsel will exercise discretion according to the criteria in 667.33.

.43 Judgments.

A person covered by 667.4 may apply to the General Counsel for payment or reimbursement for any adverse judgment or settlement. The General Counsel will exercise discretion according to the criteria in 667.33.

668 Restrictions

668.1 Prohibited Personnel Practices

.11 Restrictions

.111 General. The following restrictions apply to any USPS employee who has authority to take, direct others to take, recommend or approve any personnel action with respect to any employee, eligible, or applicant.

.112 Prohibited Discrimination

a. Political Affiliation. No discrimination may be exercised, threatened, or promised by any person or in favor of any employee, eligible, or applicant because of political affiliation except as may be authorized or required by law.

b. Marital Status. No person may be discriminated against because of marital status in connection with examination, appointment, reappointment, reinstatement, reemployment, promotion, transfer, demotion, removal or retirement.

c. Race, Color, Religion, Sex, Age, National Origin, Physical or Mental Handicap. See detailed restrictions in Subchapter 670.

d. Conduct Which Does Not Adversely Affect Performance. No person may be discriminated for or against on the basis of conduct which does not adversely affect that person's performance or the performance of others; except that in determining suitability or fitness of that person, any conviction for any crime under the laws of any State, of the District of Columbia, or of the United States may be taken into account.

.113 Neopotism. See section 312.3 of Handbook P-11, *Personnel Operations.*

.114 Improper Employment and Placement Practices. Deceitfully or willfully obstructing or improving the prospects of any person competing for a position by granting a preference or advantage not authorized by law, rule or regulation (including defining the scope or manner of competition or the requirements for a position) or by influencing anyone to withdraw from competition for a position is prohibited.

.115 Improper Recommendations. Soliciting or considering any recommendation or statement, oral or written, with respect to any individual who requests, or is under consideration for any personnel action, is prohibited unless such recommendation or statement is based on the personal knowledge or records of the person furnishing it and consists of:

a. An evaluation of the work performance, ability, aptitude, or general qualifications of such individual; or

b. An evaluation of the character, loyalty, or suitability of such individual.

.116 Coercion of Political Activity. Coercion of the political activity of any person (including the providing of any political contribution or service), or the taking of any action as a reprisal for the refusal of any person to engage in such political activity, is prohibited.

.117 Reprisal for Exercising Appeal Rights. Taking or failing to take any personnel action as a reprisal for the exercise of any appeal right granted by a law, rule or regulation is prohibited.

.118 Reprisal for Release of Information. No one may take or fail to take a personnel action as a reprisal for a disclosure of information by an employee or applicant which the employee or applicant reasonably believes evidences:

a. A violation of any law, rule, or regulation, or

b. Mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, if such disclosure is not specifically prohibited by law or if such information is not specifically required by Executive Order to be kept secret in the interest of national defense or the conduct of foreign affairs.

.12 Remedies

.121 General. Complaints that one or more of the restrictions in 668.11 have been violated may, depending on the status of the employee complaining and the action taken against the complainant, be brought through the following appeal procedures.

.122 Equal Employment Opportunity Complaint Procedures. Any employee or applicant may file a complaint alleging discrimination based on race, color, sex, age, national origin, or handicapping condition, within 30 days. See Regional Instructions 942-P-192 (Filing No. 747) October 15, 1976 for detailed procedures.

.123 Grievance Procedure. Employees covered by a collective bargaining agreement may file grievances regarding wages, hours and working conditions in accordance with the provisions of the applicable agreement. Non-bargaining unit employees at EAS-16 and below may use the grievance procedure in ELM 652.4 to grieve matters other than suspensions or adverse actions. Non-bargaining unit employees at EAS-17 and above may use these procedures to appeal letters of warning and emergency placement in a non-duty status within 5 days of the action.

.124 Adverse Action Appeals to Merit Systems Protection Board. Veteran preference eligible employees with one year of current continuous service in the same or similar position may appeal removals, reductions in grade or pay, suspensions of more than 14 days, or furloughs of 30 days or less. The appeal must be made to the Merit Systems Protection Board within 20 days of the effective date of the action.

.125 Non-Bargaining Unit Appeals Procedure. Employees not subject to the provisions of a collective bargaining agreement who have 6 months of current continuous postal service may, under the provisions of ELM 650, appeal removals, reductions in grade or pay, suspensions or furloughs of 30 days or less.

.126 Prohibited Personnel Practices. Allegations of violations of the provisions of 668.11 Restrictions which cannot be brought through any other procedure may be sent to the Executive Assistant to the Postmaster General, Washington, DC 20260. Complaints filed with the Executive Assistant must be in writing, with as much specific information on the alleged violation as possible. Allegations of violations of law will be referred to the Inspection Service. The complainant will be informed in writing of the disposition of the complaint.

668.2 Service Matters

.21 Compiling Directories

Employees will neither compile nor assist publishers in compiling city directories for public use; nor request publishers to send free copies to them; nor accept any money or gratuity arising from publication of directories.

.22 Engaging in Campaigns for Changes in Mail Service

Employees in active status will not engage in campaigns for or against changes in mail service. This regulation will not be construed to infringe on rights to participate in labor organizations.

.23 Paying for Exchange of Positions

It is unlawful for employees to give or receive payment, directly or indirectly, to effect an exchange of positions in the same or different postal units, or any place in the public service. This offense is punishable by fine and imprisonment and disqualification from holding any office in the Federal Government.

.24 Manufacture of Rural Mail Boxes

Employees are prohibited from manufacturing or acting as the agent for a manufacturer of rural mail boxes.

.25 Loitering

Carriers will not loiter or stop for unnecessary conversation on their routes. Employees will not linger about cases or racks after their tours of duty have ended, nor report at cases or racks before their tours are scheduled to begin.

SUBCHAPTER F—PERSONNEL

PART 447—CODE OF ETHICAL CONDUCT FOR POSTAL EMPLOYEES

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Sec.
447.11 Basic purpose and applicability.
447.12 Congressional code of ethics for Government service.

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447.22 Conflicts of interest—financial.
447.23 Conflict of interest—employment.
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447.26 Indebtedness.
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447.31 Advisory service.
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447.44 Confidentiality and retention of statements.
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Subpart E—Political Activities

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447.61 General.
447.62 Holding of State or local office by Postal Service employees.

Subpart G—Bribery, Undue Influence, or Coercion

447.71 General.

Subpart H—Definitions

Sec.
447.81 Definitions of terms used in this Code.

Subpart I—Statutory Provisions

447.91 Statutes and regulations applicable to postal employees.

AUTHORITY: 39 U.S.C. 401 and Executive Order 11222 of May 8, 1965 (30 FR 6469, May 11, 1965, 3 CFR 306, 1965 Supp.), as amended by Executive Order 11590 of April 23, 1971 (36 FR 7831, April 27, 1971) 3 CFR 405 (1972); 5 CFR 735.104.

SOURCE: 39 FR 1990, Jan. 16, 1974, unless otherwise noted.

Subpart A—Basic Purpose and Applicability

§ 447.11 Basic purpose and applicability.

(a) This Code of Ethical Conduct is designed to instruct and guide employees entering the Postal Service, and to remind all employees of the conduct expected and required of them in performing their official duties and in their general conduct.

(b) Each employee, including each special Postal Service employee, is required to read and become familiar with this Code. A violation of this Code may be cause for remedial or disciplinary action, including discharge. In any instance where an employee needs guidance concerning this Code including any statute or regulation mentioned herein, he should request guidance from the appropriate Postal official as designated in § 447.31(b).

(c) Although this Code is not applicable to members of a uniformed service or to employees of another Government agency who are serving with the Postal Service, these persons are not relieved from their responsibilities under the regulations of the service or agency from which they are assigned or detailed to the Postal Service.

(d) The provisions of this Code shall be broadly construed and strictly enforced in order to prevent postal employees from securing any pecuniary advantage, however indirect, from their public employment, other than

Subpart G—Bribery, Undue Influence, or Coercion

§ 447.71 General.

(a) An employee shall report immediately to the General Counsel, U.S. Postal Service, Washington, D.C. 20260:

(1) Any instance in which a person either within or outside the Postal Service uses or attempts to use a bribe, undue influence, or coercion to induce or attempt to induce the employee to act or neglect to act in regard to his official responsibilities; and

(2) Any information that causes him to believe that there has been a violation of a Federal criminal statute or any law or regulation directly or indirectly related to the responsibilities of the Postal Service. A copy of a report made under this paragraph shall also be sent by the employee to the Chief Postal Inspector, Washington, D.C. 20260. The report shall be sent in a sealed envelope clearly marked "Limited Official Use—To Be Opened by Addressee Only".

Subpart H—Definitions

§ 447.81 Definitions of terms used in this Code.

(a) *Postal Service.* The U.S. Postal Service as established by section 201 of title 39, U.S.C.

(b) *Employee.* An individual appointed to a position, temporary or permanent, within the Postal Service, or hired as an executive under an employment contract, including a substitute. The term "employee" does not include the Governors of the Postal Service and members of the Postal Service Advisory Council nor, unless the context requires, a special Postal Service employee.

(c) *Associate Ethical Conduct Officers.* The persons designated in § 447.31(b) and any other persons specifically designated by the Postmaster General to assist the Ethical Conduct Officer in administering this Code.

(d) *Person.* An individual, a corporation, a company, an association, a firm, a partnership, a society, a joint stock company, or any other organization, institution or entity.

(e) *Special Postal Service Employee or Special Employee.* An individual retained, designated, appointed, or employed in the Postal Service to perform, with or without compensation, temporary duties either on a full-time or intermittent basis for not to exceed 130 days during a period of 365 consecutive days.

(f) *Official Responsibility.* Direct administrative or operating authority, whether intermediate or final, and either exercisable alone or with others, and either personally or through subordinates, to approve, disapprove, or otherwise direct Postal Service action.

(g) *Employee's Interests.* The interests of an employee and his spouse and, in addition, the interest of his minor child, or children, and other individuals related to the employee by blood who are residents of the employee's household.

(h) *Nominal Value.* In respect to food and refreshment, "nominal value" means not in excess of what an employee would ordinarily and generally spend for food and refreshment if he were paying his own bill. In respect to gifts, nominal value means an item having a retail value of not more than $2.00.

(i) *Business Dealings with the Postal Service.* Any contract, work, or business, or the performance thereof, or any litigation arising out of or involving any contract, work, or business, or the sale or acquisition of any property, real or personal, or any interest in property, whose expense, price, or consideration is payable by or to the Postal Service.

(j) *This Code.* The Code of Ethical Conduct for Postal Employees which consists of the regulations of the Postal Service which are published in 39 CFR 447.11 through 447.91 inclusive.

[39 FR 1990, Jan. 16, 1974; 39 FR 4081, Feb. 1, 1974]

Subpart I—Statutory Provisions

The laws mentioned in this Code are listed for information only. Nothing in this Code constitutes an interpretation or construction of these laws which

would bind the U.S. Postal Service or the United States. Failure to mention a statute does not excuse any person from complying with it.

§ 447.91 Statutes and regulations applicable to postal employees.

The following statutes are applicable to all employees in the Postal Service:

(a) House Concurrent Resolution 175, 85th Congress, 2nd Session, 72 Stat. B12, the "Code of Ethics for Government Service." (Quoted above at § 447.12)

(b) Prohibition against proscribed political activities (5 U.S.C. subchapter III of chapter 73 and 18 U.S.C. 602, 603, 607, and 608).

(c) Prohibition against appointing or promoting a relative, or advocating such an appointment or promotion (5 U.S.C. 3110).

(d) Prohibitions against disloyalty and striking (5 U.S.C. 7311; 18 U.S.C. 1918).

(e) Chapter 11 of title 18, U.S.C., relating to bribery, graft, and conflicts of interest.

(f) Prohibition against acting as the agent for a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

(g) Prohibition against unauthorized taking or use of documents relating to claims against or by the Government (18 U.S.C. 285).

(h) Prohibition against postal employees becoming interested in any contract for carrying the mail (18 U.S.C. 440).

(i) Prohibition against counterfeiting and forging transportation requests (18 U.S.C. 508).

(j) Prohibition against:

(1) Embezzlement of Government money or property (18 U.S.C. 641);

(2) Failing to account for public money (18 U.S.C. 643); and

(3) Embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

(k) Prohibitions against:

(1) Disclosure of classified information (18 U.S.C. 798), and

(2) Disclosure of confidential information (18 U.S.C. 1905).

(l) Prohibition against fraud or false statements in a Government matter (18 U.S.C. 1001).

(m) Prohibition against participation in lottery enterprises (18 U.S.C. 1303).

(n) Prohibition against Carriage of Mail contrary to law (18 U.S.C. 1693).

(o) Prohibition against Desertion of Mail (18 U.S.C. 1700).

(p) Prohibition against Obstruction of Correspondence (18 U.S.C. 1702).

(q) Prohibition against Delay or Destruction of Mail or newspapers (18 U.S.C. 1703).

(r) Prohibition against theft of mail (18 U.S.C. 1709).

(s) Prohibition against theft of newspapers (18 U.S.C. 1710).

(t) Prohibition against Misappropriation of Postal Service funds (18 U.S.C. 1711).

(u) Prohibition against falsification of postal returns (18 U.S.C. 1712).

(v) Prohibition against improper issuance of money orders (18 U.S.C. 1713).

(w) Prohibition against misuse of the franking privilege (18 U.S.C. 1719).

(x) Prohibition against sale or pledge of stamps (18 U.S.C. 1721).

(y) Prohibition against unlawful collection of postage (18 U.S.C. 1726).

(z) Prohibition against failure to account for postage (18 U.S.C. 1727).

(aa) Prohibition against improper approval of bond or sureties (18 U.S.C. 1732).

(bb) Prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

(cc) Prohibition against the use of deceit in an examination or personnel action in connection with Government employment (18 U.S.C. 1917).

(dd) Prohibition against mutilating or destroying a public record (18 U.S.C. 2071).

(ee) Prohibition against disclosure of lists of names and addresses (39 U.S.C. 412).

(ff) Prohibition against making or receiving political recommendation for appointment or promotion (39 U.S.C. 1002).

(gg) Prohibition against receipt of unauthorized fees (39 U.S.C. 1009).

(hh) Oath of office required for all postal employees (39 U.S.C. 1011).

(ii) Prohibition against opening first-class mail (39 U.S.C. 3623).

(jj) Privacy Act of 1974 (5 U.S.C. 552a).

NOTE: In addition to these statutes, Executive Order No. 11222 of May 8, 1965, as made applicable to the Postal Service by Executive Order No. 11590 of April 23, 1971, prescribes standards of ethical conduct for officers and employees of the Government.

[39 FR 1990, Jan. 16, 1974, as amended at 40 FR 45726, Oct. 2, 1975]

postal data center abreast with advancing management sciences in the integration of systems, techniques and equipment for collecting, verifying and processing business data.

(8) Prepares replies to employee suggestions pertaining to the work of the postal data center where such suggestions have originated in regions or installations served by the postal data center. Refers suggestions worthy of adoption to Finance Group with detailed recommendations as to how suggestions may be implemented.

(b) *Production Scheduling Branch.* (1) Develops, coordinates and administers production schedules for the PDC.

(2) Develops and coordinates systems and production plans for new data activities to be performed by the postal data center.

(3) Develops and coordinates schedules for new system applications at PDC.

§ 226.6 Data Operations Division.

Operates the postal data center's automatic data processing facility and its associated equipment. Branches and their functions under this division are:

(a) *Data Preparation Branch.* (1) Maintain custody of magnetic tape reels, computer program documentation and input/output punch cards.

(2) Performs all key punch operations.

(b) *Computer Operations Branch.* (1) When authorized, operates punched paper tape and communications terminal equipment.

(2) Operates electronic and electromechanical data processing equipment.

Inspection Service Requirements

PART 231—PROTECTION OF POST OFFICES

Sec.
231.1 Responsibility.
231.2 Security Control Officer.

§ 231.1 Responsibility.

(a) The protection of mail, postal funds, and property is a responsibility of every postal employee.

(b) The Chief Postal Inspector is designated as the Security Officer for the U.S. Postal Service. That official is responsible for the issuance of instructions and regulations pertaining to security requirements within the Postal Service.

(39 U.S.C. 401)

[36 FR 4762, Mar. 12, 1971]

§ 231.2 Security Control Officer.

The postmaster or a supervisor designated by the postmaster shall act as Security Control Officer for each post office. The Security Control Officer shall be responsible for the general security of the post office, its stations and branches, in accordance with rules and regulations issued by the Chief Postal Inspector.

(39 U.S.C. 401)

[36 FR 4762, Mar. 12, 1971]

PART 232—CONDUCT ON POSTAL PROPERTY

§ 232.1 Conduct on postal property.

(a) *Applicability.* This section applies to all real property under the charge and control of the Postal Service, to all tenant agencies, and to all persons entering in or on such property. This section shall be posted and kept posted at a conspicuous place on all such property.

(b) *Recording presence.* Except as otherwise ordered, properties shall be closed to the public after normal working hours. Properties shall also be closed to the public in emergency situations and at such other times as may be necessary for the orderly conduct of business. Admission to properties during periods when such properties are closed to the public will be limited to authorized individuals who may be required to sign the register and display identification documents when requested by security force personnel or other authorized individuals.

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